



## SHARED SERVICES

Mr GRIFFITHS (Goyder) (11:02): I move:

That this house calls upon the Economic and Finance Committee to undertake an investigation into the government's shared services reforms, including the economic and social effects upon regional and suburban communities, implementation costs, savings projections, comparative data from other Australian states that have pursued these reforms, and any other issue.

It was with a reasonable amount of fanfare that, as part of the budget presentation for 2006-07, the Treasurer talked about the implementation of shared services reforms across state government agencies and the expectation of the reduction in costs that that would bring about when implemented. We know now that has not proven to be the case. I will go into it a little later but, certainly, the Auditor-General's Report recently presented to the parliament identifies that, while some ICT savings are in place, there are serious concerns about the value of future savings across this area.

Shared services sounds wonderful. It is designed to reduce the effort where duplication occurs in things such as payroll and accounts payable and receivable in the various departments that work in regional and suburban areas. Since it became part of the structure of government and a part of its future savings projections, we have seriously begun to realise that it is not working. When it was presented, the 2006-07 budget identified that \$130 million across the then forward estimates would be achieved. This was broken down to \$25 million in 2007-08, \$45 million in 2008-09 and \$60 million from 2009-10 onwards.

Page 10 of Part A of the Auditor-General's Report talks about the fact that, while \$45 million might be projected for the 2008-09 year, ICT savings of \$24.7 million are locked in place. There are some other savings through Supply SA warehouses and ICT mobile carriage services, but there is a \$16.6 million balance of shortfalls where targets against those savings will not be met, and projections out for future years are even worse. In the 2009-10 financial year that balance of savings shortfall is \$30 million, in 2010-11 it is \$28.6 million and in 2011-12 it is \$27.8 million. Across the forward estimates period, according to the Auditor-General, at risk is \$103 million worth of savings, which would make an important difference to Treasurer Foley's AAA credit rating.

I am not here to talk about all those issues, but I am here to make parliament aware of the effect of shared services. Like most members of this chamber, I have been contacted by people in the electorate who are concerned about the effect it is having on them. There is an enormous social effect. I will relate it, first, to regional South Australia, given that I am a regional MP. I will talk about the expectation of job losses that were 'in scope', which is a term used by minister Wright when he had responsibility for this area. He used that term in relation to the number of people who would be affected by it. Originally, it was intended that 2,500 people—but it is now about 1,800 people—would be in scope to be affected by shared services.

In regional South Australia, there were 7.9 full-time equivalents in the Barossa Valley and 56.3 on Eyre Peninsula. When I was visiting Port Lincoln earlier this year, a lot of people were concerned because it is not just the basic full-time equivalent number. One has to extrapolate it out to consider the number of people physically involved, and it is usually about double that number. So there were 56.3 full-time equivalents on Eyre Peninsula, 23 in the Far North, 22.5 on the Fleurieu Peninsula and Kangaroo Island, 44.5 on the Limestone Coast, 53.9 in the Murray and Mallee areas and 37.6 for Yorke Peninsula and the Mid North. I think from memory that is 256 full-time equivalents. I extrapolated out that number to determine the number of people affected by it and it came to 500 people.

These people had worked within their community. In many cases they had moved there in order to take up

a job opportunity and had made a home and a life for themselves there, or if they had grown up in the community they had been lucky enough to obtain a job there. They felt disadvantaged by the fact that they were told that their job was no longer available. They were told that if they wanted to retain their position they had to be prepared to move to Adelaide, with no compensation for the costs associated with that move. I think there has been some negotiation since then, but an enormous dislocation is involved. If they did not wish to pursue an opportunity with Shared Services SA in Adelaide, there was a guarantee to retain them within the department in which they worked. But how long would that position be available? They would have to be employed in a different role, which may require training. The role had to be funded from within the department's budget, putting even more pressure on the department to deliver its services. Enormous issues are involved.

During the estimates committee, minister Wright and the Treasurer confirmed that savings would be realised. They were a little vague on some of it. Minister Wright said that only \$25 million has been identified; and we have identified that from the Auditor-General's Report. The Treasurer has referred to it. He has acknowledged there are some slippages and that it will take longer to implement it. But, all of a sudden there was the shock of renting premises within the CBD area in which to house these people, and the cost of the refit of numerous floors within these buildings with no person physically working within them. There was a media scene when the Leader of the Opposition visited one of these buildings with a media crew in tow, as a result of a previous arrangement and with the expectation of being able to film it, and then, all of a sudden, they were locked out, which was a great shame.

We want to make South Australians realise that in this case money is being wasted. The document I have indicates that about \$9 million was spent fitting out new space at 77 Grenfell Street and it cost \$4 million for the lease of rooms which will not be occupied. Financial resources are being wasted. I understand that part of the delay is that the first and second tranches of people moving to Shared Services created tenancy problems, but it highlights the fact that, basically, this is not working as well as we would have liked.

I understand that it was first suggested on the basis of its occurring in other states. I did some work on the issue at the time and looked at the situation in Western Australia where shared services had been introduced. It was not working there, either. The anticipated savings were not being achieved and it was costing the government a lot more money. But we decided to do it. We put staff in place to manage it. I am aware that there has been enormous concern amongst the Public Service.

The PSA has been very outspoken in order to ensure it is representing its members; and I give it credit for that. A lot of media transcripts around the place from radio and television indicate that they have tried to make South Australians aware of the fact that this model—which is supposed to save money—is seriously affecting real people. The savings are not being achieved and it needs to be reviewed. Something even more enlightening came to my attention last weekend when I was looking through *The Advertiser*, as is my wont. I looked through the employment section to keep up with what is occurring across the state.

Mrs Redmond: Are we out of a job?

Mr GRIFFITHS: You never know: we only have a four-year contract in this place. I looked in the government employment section, which occupies many pages. With 79,000 full-time equivalents working for the government, a lot of jobs are available. A couple that took my notice were in the services section. If Shared Services is predominantly based on accounts payable and receivable and is meant to be bringing people in from the suburban and regional areas to work in the CBD, they must be having a lot of trouble with people deciding that they will not do that, because they are advertising jobs.

Shared Services is about creating reductions in the number of people they need and about more efficient management. Why is it advertising? One of the positions is as team leader, operating in the CBD in Shared Services, in the range between \$61,000 and \$68,000. It says that there is more than one position,

and ongoing and temporary positions are also available. It is more than just one role; they have trouble in a few spots here.

I looked at the position of manager of services within Shared Services. It is a job advertised at a salary of between \$78,000 up to \$85,000. Surely there must be a lot of experienced people out there in payroll in government departments who would be suitable candidates for this, but what is happening to these people? I heard of an amazing example of a lady who had worked diligently within Shared Services in payroll for a government department for many years and had come to the stage where she wanted to retire and had agreed on a timetable and did so, but, as part of the Shared Services reform and with the lack of people wanting to take up the role, the key skills she had were identified as being in demand.

She had retired and received her lump sum entitlements—be it superannuation or long-service leave and annual leave—and was brought back on a contract for one or two days a week, but she has found since returning that she is working something like seven days a fortnight. This is a person who retired, we identified problems, had to bring this person back, and we are paying her a much larger amount. It is amazing to me. There are thousands of people affected by this and we are not managing it properly. The government continues to push the line that shared services will come into play, that there will be slippages but that it will work eventually, that we will make it work, but I have serious doubts. If we look at the history of what has occurred in other states, there are real issues.

Part of my notice of motion focuses on the effect on communities. That is an important one for us to focus on. There is no doubt that economic rationality comes into a lot of decisions the Treasurer and ministers will make on where they can get the best bang for their buck. They look at how they will create efficiencies. With efficiency dividends required across all departments these days, it will be an increasingly difficult one to match up.

For every decision made in an economic sense there is also a social effect on a person and, by association, a community. We need to consider what that does. We cannot blindly go around making decisions that will affect people negatively. We need to ensure that if it is done there is a level of support that will always be there to ensure those people can move on with their lives, because probably in many cases these people are part-timers, and in many cases they are women as well as men. It is having an effect not just on the individual but upon the family and the wider circle of relatives and friends that they have.

There are key areas and it is important we identify them in the short time I have left. A petition was presented to the parliament about this, probably about 10 months ago. Some 2,500 people from across the state signed the petition expressing their concern about what was happening. The Provincial Cities Association (made up of Port Lincoln, Whyalla, Port Augusta, Port Pirie and Mt Gambier councils) met with minister Wright when he had ministerial responsibility for this to express real concerns on how it would affect its communities.

I am questioning from tranche No.1, to date, how many of those public sector employees within those groups that have transitioned to Shared Services (group 1A in March 2008, group 1B in July 2008, and group 2 in September 2008) have actually moved to Adelaide in their position? I would be interested to know how many people within the Public Service have declined to be involved in the transition. Of these people, how many were viewed as redeployees? Where have they now been positioned within the public sector, and how many have left the public sector workforce as a result of the shared services transition? I think this is what is occurring: people will just decide to give up because they have been taken away from the opportunity and the job they have liked.

In terms of the amount of the savings target, are we on target? The Auditor-General confirmed in his report that, across the forward estimates, there is a gap of \$103 million of projection savings that are not in

place. That is an important issue for Mr Foley's AAA credit rating. Part of my motion is that, if it is supported by the parliament, the Economic and Finance Committee will look at it and make investigative comparisons against other states where they have brought in these reforms and determine whether they have worked. This is a great challenge to the Economic and Finance Committee.

We have done various levels of reports. Some are high-level and some are low-level, but this is one that is important to the parliament; so, I hope that members on the other side will support this. What is the true cost of upgrading Westpac House and Wakefield House to accommodate the Shared Services offices for the groups that have transitioned? Will group 3, which I understand are the health agencies, also be housed in one of these buildings? I know that health employees from the South-East have been quite outspoken very recently. I am sure that the member for MacKillop will make some statements on that, because he would have had constituents in his area come to him.

Remuneration packages for public sector employees whose wage was changed as a result of the transition to Shared Services are especially important in the health area, where there is an ability to salary sacrifice much larger amounts than most other public sector employees. There was a fear that, with the transition to working out of the health sphere, this option would be lost; therefore, an enormous additional cost would also become a burden to a family.

Salary sacrifice is a wonderful opportunity for people in health. It provides them with benefits that might not be otherwise available and allows them to maximise their remuneration. So, that is an important one to sort out.

Time expired.