# Contents

- Purpose 3
- Background 3
- Objectives 5
- Approach to the Market Methodology 5
- Proposed Approach 5
- Proposed Timing 6
- Communication 7
- Next Steps 7
- Relevant policies 7
- Disclaimer 8
- Attachment A – Whole of Government Corporate Business Services Catalogue 10
Purpose

1. The purpose of this Position Paper (the Paper) is to advise industry of Finance’s indicative strategy for establishing a whole of government Enterprise Resource Planning (ERP) panel, and invite feedback from industry.

2. It outlines the objectives and methodology for a proposed Approach to the Market (ATM), and begins to outline the type of solutions in scope.

3. Finance reserves the right to change any aspect of the strategy at any time. Information contained in future ATM documentation will supersede information contained in this Paper.

Background

4. The Shared Services Program (the Program) is an Australian Public Service (APS) wide program focused on the provision of common services across agencies through the development of centres of excellence (Hubs) and the transition of agencies into these Hubs.

5. The Program is part of the Government’s vision for a smaller, smarter and more productive and sustainable public sector, which is transforming the way the public service operates by reforming traditional operating models.

6. The vision for shared services is one where consumers have choices, providers are competitive and innovation is harnessed. The aim is to ensure the APS is better positioned to respond to the challenges of a rapidly changing environment and tight fiscal circumstances by:
   a. minimising the number of ERP systems used across the APS; and
   b. standardising business processes at an agreed level across all Hubs and localise at lower levels where required.

7. Business systems and processes will be standardised across the APS by consolidating service provision from 85 internal service providers (including agencies that provide to themselves) into six Hubs. In order to enhance the benefits to government from the consolidation of corporate services, the Department of Finance (Finance) is looking to establish an ERP panel.

8. The focus is on core transactional services (refer Attachment A) and ERP solutions. This may expand to include additional value-add or strategic services as the Program matures.

9. Core transactional services identified for initial consolidation include:
   a. accounts payable/receivable;
   b. credit card management;
   c. ledger management; and
   d. payroll administration.
10. Hubs and consumer agencies have agreed to a transition schedule that will align with funding from the Public Service Modernisation Fund\(^1\) becoming available between the financial years 2017-18 and 2019-20. To date 14 agencies (including six Hubs) have already transitioned with 73 agencies due to transition over the next four years.

11. The approach is underpinned by a set of principles that articulate the fundamental goals of the Program. The Program will be carried out in three phases (noting this is not necessarily a linear process):
   a. Consolidation – establish provider Hubs to begin to standardise and transition services and build economies of scale;
   b. Standardisation – drive further standardisation across the Hubs through cloud-based ERP systems and automated business processes where appropriate; and
   c. Contestability – encourage agencies to adopt a more commercial mindset and improve the performance of existing or proposed government functions, shown by measureable benefits and value for money across the APS.

12. The Program is transforming the way the public service operates by reforming traditional operating models. In doing so, the Program aspires to enable agencies to focus on their core policy priorities and to maintain access to up to date and modern technology. Further information can be found in the preface of the 2017-18 Budget Paper No. 4 (www.budget.gov.au/2017-18).

13. The Program involves all non-corporate Commonwealth agencies in Australia, excluding those that are currently deferred. Any outcome of this arrangement will be available to Corporate agencies to use, but will not be mandated for use. For a full list of agencies, please refer to the flipchart of Commonwealth entities and companies on the Finance website.

14. Finance has been working closely with the Hubs and over the next three to five years, the Hubs will:
   a. focus on delivering consistent, reliable services;
   b. implement whole of government standard business processes; and
   c. help drive down corporate service costs across the APS.

15. As the Program matures there may be consideration of alternative service offerings from the private sector (i.e. Business-Process-as-a-Service); these offerings are not currently within the scope of the proposed ATM. Feedback on how best to engage with the private sector on such offerings is welcome.

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\(^1\) The Government provided $500 million in the 2017-18 Budget to establish the Public Service Modernisation Fund. The Modernisation Fund will support initiatives to enhance productivity and innovation in the Commonwealth public sector. Additional information on these initiatives can be found in 2017-18 Budget Paper 4.
Objectives

16. The broad objective of the ATM is to establish a panel that offers entities ERP solutions that:
   a. represent value for money to the Australian Government;
   b. complies with all relevant Commonwealth financial and legislative requirements;
   c. are cloud based as either Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) or scalable public cloud-based services (where appropriate to security and business requirements);
   d. where cloud services are not preferred by the Hubs/agencies for security or business reasons, provide an alternate “in-house” option;
   e. are capable of supporting multiple agencies from within a single instance;
   f. can accommodate specified standard APS business processes, and are able to include additional standard business processes over time:
      • standards will initially be specified for core transactional services in the Whole of Government Business Services Catalogue (Attachment A refers), and other ERP-related services;
   g. are capable of interfacing with existing corporate systems, where data exchange is required, regardless of the location or type of system;
   h. facilitate self-service wherever possible;
   i. are available on mobile platforms (where appropriate to security requirements);
   j. can accommodate the PROTECTED classification where required, and UNCLASSIFIED DLM elsewhere; and
   k. support the objectives of the Program (outlined above).

Approach to the Market Methodology

17. Finance will hold an industry briefing for prospective tenderers on the background and objectives for the indicative strategy from 2:30pm to 4:30pm on Friday 7 July 2017. To register your interest in attending the industry briefing, contact the Shared Service Program Team at scs@finance.gov.au. Prospective interested parties are also welcome to make a separate presentation to Finance if desired.

18. AusTender (www.tenders.gov.au) will be used as the public interface for the ATM.

Proposed Approach

19. The ATM is expected to invite offers for any or all of the following as either SaaS, PaaS, scalable public cloud-based services or on premise solutions:
   a. supply of a Commercial off the shelf ERP solution;
b. implementation capability of the ERP solution to meet the Commonwealth’s needs; and

c. on-going support, maintenance and development for the ERP solution.

20. The ERP solution tendered should:

a. be a system with significant expertise and support offered in Australia and overseas;

b. maintain data onshore in Australia, unless agreed in writing by the Hub and consumer agency;

c. be modular and easily configured to:

i. meet business requirements;

ii. meet all relevant policy and legislative requirements;

iii. meet the business requirements detailed in the Statement of Requirements; and

iv. be flexible and scalable enough to allow changes in the future.

21. It is highly desirable that solutions be hosted in a cloud environment; however, other hosting options may be considered based on the business needs of agencies.

22. It is intended that in relation to the provision of ERP solutions, Finance and Hubs will be eligible to procure such solutions from any resulting panel arrangement.

23. As part of the Program’s strategy, Finance is working to reduce the number of individual ERP instances across the APS.

Proposed Timing

24. An indicative (Guide Only) timetable is below:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Indicative Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position Paper Released</td>
<td>Late June 2017</td>
</tr>
<tr>
<td>Industry Briefing*</td>
<td>7 July 2017</td>
</tr>
<tr>
<td>Loading of draft contract and RFP on Procurement Blog</td>
<td>Late-July 2017</td>
</tr>
<tr>
<td>Approach to the Market (6 to 8 week period)</td>
<td>From early-August 2017</td>
</tr>
<tr>
<td>Evaluation of Bids and contract development</td>
<td>From mid-September 2017</td>
</tr>
<tr>
<td>Panel in operation</td>
<td>December 2017</td>
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</tbody>
</table>

*Industry Briefing* – Contact the Shared Services Team inbox (scs@finance.gov.au) to register your interest in attending the industry briefing.
Communication

25. Enquiries relating to this Paper and the proposed ATM, including any feedback, can be directed to the Shared Services Team inbox (scs@finance.gov.au) or to Mr Stuart Henry, Director of the Shared Services Team on 02 6215 3039.

26. Tenderers must not approach individual agencies or participants in relation to this Paper or the proposed ATM.

27. Finance welcomes any relevant feedback on this Paper. Finance expects to incorporate feedback where appropriate in the ATM documentation. Finance cannot guarantee that all feedback will be incorporated or specific questions answered. However, Finance may decide to make specific questions and answers publicly available.

Next Steps


Relevant policies

29. Tenderers will be considered to have familiarised themselves with all relevant Commonwealth legislation and policies relating to the ATM process and the provision of products and services, including:

   a. Australian Government Cloud Computing Policy;
   b. The Web Accessibility National Transition Strategy;
   c. Australian Government Protective Security Policy Framework (PSPF);
   d. Australian Signals Directorate Information Security Model (ISM), in particular referencing controls marked Protected (P) relevant to integration with protected environments;
   e. Australian Signals Directorate Cloud Computing Security Considerations;
   f. Division 137.1 of the Criminal Code which makes it an offence to knowingly provide false or misleading information to a Commonwealth entity;
   g. The Freedom of Information Act 1982 (Cth) which requires Australian Government departments and agencies to provide access to certain documents in their possession;
   h. The Auditor-General Act 1997 (Cth) which allows the Auditor-General to conduct a review or examination, at any time, of any aspect of the operations of Australian Government agencies;
   i. The Ombudsman Act 1976 (Cth) which authorises the Ombudsman to investigate the administrative actions of Australian Government departments and agencies and to investigate the actions of certain Australian Government contractors;
   j. The Privacy Act 1988 (Cth) which aims to ensure that contractors and their subcontractors do not engage in an act or practice that would breach an Australian
Privacy Principle (as defined in the Privacy Act) if done by the Commonwealth. The Privacy Act also imposes obligations directly on contractors and subcontractors;

k. The *Work Health and Safety Act 2011* (Cth) which requires a person conducting a business or undertaking to ensure the health and safety of all workers; and

l. The *Public Interest Disclosure Act 2013* (Cth) (PID Act) which aims to promote the integrity and accountability of the Commonwealth public sector.

**Disclaimer**

30. This Paper is not intended as a formal approach to market nor will any feedback received be used to short list organisations in relation to any future formal approach to market. Its purpose is to advise industry of Finance’s indicative strategy for establishing a whole of government ERP panel, and invite feedback from industry.

31. Respondents should be aware that the views and comments that they provide may be used by Finance to shape the strategy, and should make their submissions in full awareness of this. Finance will not attribute any particular comment or matter to any specific respondent. All submissions received in response to this Paper become the property of Finance once lodged.

32. Respondents should clearly indicate what, if any, part of their response contains commercial-in-confidence information. While Finance will make all reasonable efforts to keep information identified by a respondent as confidential, Finance will not be taken to have breached any obligation to keep information provided by respondents confidential to the extent that the information is:

   a. disclosed to its internal management personnel or employees for purposes related to the Program;
   b. disclosed in response to a request by a House or a Committee of the Parliament of the Commonwealth of Australia;  
   c. provided to relevant Ministers;
   d. authorised or required by law to be disclosed; or
   e. is in the public domain other than by a disclosure by Finance.

33. **Important Notice:** The information in this document is indicative only and Finance reserves the right, in its absolute discretion, to change any aspect of this strategy at any time. Finance makes no representation and does not warrant that:

   a. any information contained in this document is accurate, current or complete; 
   b. any feedback given or comments provided by interested parties will be used or otherwise acted upon or taken into account; or

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2 Commercial-in-confidence information is ordinarily protected from disclosure to the parliament, where release of the information would cause specific harm to commercial interests.
c. any future tender process will be undertaken at a particular time, in a particular manner, or at all.

34. Nothing in this document or arising from this document gives rise to:
   a. a contract; or
   b. any other obligation or commitment on the part of the Australian Government.
Attachment A – Whole of Government Corporate Business Services Catalogue
## Department of Finance

### POSITION PAPER

### Human Resource Services

#### Level One
- Pay & Conditions
- Recruitment
- Employee Relations
- Learning & Development
- HR Reporting & Analysis
- HR Strategy & Planning
- HR Policy & Advice
- Other

#### Level Two
- Pay & Conditions
  - Establishment, Payroll Processing & Reporting, Leave Entitlements, Manage & Maintain HR Data, Payroll – Overseas Employee Management, Remuneration & Overpayments, Study Assistance
- Recruitment
  - Delegate Support, Entry Level Programmes, Specialist Programmes, E-Recruitment
- Employee Relations
  - Conduct & Ethical Behaviour, Performance Management, Work, Health & Safety, Workplace Diversity, Workplace Relations
- Learning & Development
  - Learning Management Systems (LMS), Online Training Modules (eLearning), Reporting
- HR Reporting & Analysis
  - Analyse organisational structures, methods, systems and procedures, Reporting
- HR Strategy & Planning
  - Advice on staffing and personnel administration services, Support for policies and programmes
- HR Policy & Advice
  - Advice on HR related policies and programmes
- Other
  - Agency Specific