



## **Optimising the value of Shared Services**

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# **NSW Businesslink Pty Ltd**

## **2007-08 Statement of Business Intent**

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## 1. EXECUTIVE SUMMARY

This Statement of Business Intent (SBI) is a summary of the Businesslink 2007-17 Business Plan. The Business Plan is the first annual update of the Businesslink 2006-16 Plan.

### 2006-07 the Year in Review

The major deliverables defined in the 2006-07 SBI have been achieved.

Highlights include:

- Successful implementation of the Service Provision Model which defines the suite of products delivered by Businesslink to its Client Agencies, specifies processes and operating procedures, sets service standards. The Service Provision Model also establishes key performance indicators and monthly reporting regimes for individual products and services; determines product prices and provides the framework for client billing on a fee for service basis;
- Completion of the first independent benchmarking analysis of Businesslink's suite of products against public and private sector benchmarks with favourable outcomes in most product lines;
- Implementation of an industry standard second data centre to meet increased information technology processing requirements and for business continuity and disaster recovery planning purposes;
- Recognition of the Company's information technology capability through achievement of AS/NZS 7799 certification for information security, and acknowledgement as a Siebel 'Centre of Capability';
- Realisation of \$3.7m of savings from the 3 year \$8.3m benefits realisation program.

### Optimising the Value of Shared Services

The fiscal and performance variations that have been included in this updated SBI have been determined based on the Client Agencies actual consumption of services and the agreed refinement and enhancement of these services for the 2007-08 year.

Businesslink's core purpose, vision and mission remain unchanged and we will continue to align and integrate the comprehensive set of strategies, projects and supporting initiatives included in the inaugural (2005-06) SBI to realise Businesslink's corporate objectives and its wider obligations to the NSW Government.

Businesslink's focus on providing quality and cost effective support to its Client Agencies is consistently represented throughout this Statement. The key enablers of delivering this outcome, Businesslink's Fee for Service pricing and external 3<sup>rd</sup> party assurance programs, were implemented during the past year.

This SBI provides an outline of the benefits that these delivered and how they will be evolved during 2007-08.

Since its inception, Businesslink has implemented solutions that recognise the Government's need to replace ageing technologies and simultaneously introduce new front-line service delivery solutions whilst balancing the requirements of our Client Agencies at a time of increasing budget constraints.

The 2007-08 SBI confirms that strong foundations have been laid to support a robust and growing business that will assist Government achieve lower cost ICT infrastructure and back-office applications and free resources for front-line community services.

During 2006-07, the NSW Government introduced the People First ICT Strategic Plan. This major improvement program charged Businesslink to lead Whole of Government Agency Infrastructure Consolidation. Accordingly this Statement introduces a range of specialist activities or services provision that are beyond those provided to our founding Client Agencies.

During 2007-08 and beyond, Businesslink will remain committed to providing increasing value for money services to our Client Agencies, whilst expanding our capabilities to meet the broader Whole of Government imperative.

This SBI meets the requirements mandated for Government businesses and has been produced in accordance with the NSW Businesslink Pty Ltd Shareholders' Agreement.

## **2. OBJECTIVES OF NSW BUSINESSLINK PTY LTD**

Businesslink's vision is to serve its Clients and become a best practice model for shared services across the public sector.

In partnership with its Client Agencies, Businesslink's mission is to provide high quality, cost effective shared services; and to operate a financially sustainable business that is flexible and can readily expand to meet increased Client demand for its services.

Businesslink's objective is to continue its growth as a customer focused organisation that:

- Provides high quality, cost effective and efficient services,
- Meets the changing needs of its Clients and its environment,
- Builds and strengthens its capacity to provide additional services, should this be warranted,
- Provides timely and efficient delivery of shared services to our Clients,
- Achieves sound financial performance and a financially sustainable business that is verified through third party assurance programs,
- Delivers quality service in a controlled manner that achieves high levels of operational compliance, and,
- Provides the NSW Government with a satisfactory return on its investment.

## **3. NATURE AND SCOPE OF OPERATIONS**

Businesslink is a Shared Services Proprietary Limited (Pty Ltd) company that provides a broad range of corporate, governance, operational and organisational infrastructure services and facilities to its Clients so as to enable them to deliver their core services in a more cost effective manner.

The Shared Services model seeks to create value for the Shareholders by generating economies of scale through the implementation of optimal common, consistent, repeatable transactional activities, information flows and business processes. It creates value for our Clients by delivering efficient and cost competitive services.

Businesslink's Shareholders are:

- The Treasurer in and for the State of New South Wales.
- The Minister for Community Services in and for the State of New South Wales and
- The Minister for Ageing and the Minister for Disability Services in and for the State of New South Wales,
- The Minister for Housing in and for the State of New South Wales,

The primary role of Businesslink is to deliver services to the following Client Agencies.

- Department of Community Services (DoCS),
- Department of Housing (DoH), and
- Department of Ageing, Disability and Home Care (DADHC).

The scope of services includes quality advice, infrastructure and transaction services with expertise segregated into the following broad categories:

- Human Resources,
- Business,
- Finance,
- Information Technology, and
- Commercial Operations and Corporate Governance.

### **Tax Equivalent Regime (TER)**

When incorporated, NSW Businesslink Pty Ltd was declared exempt from TER. The Company continues to be exempt from TER.

### **Not for Profit**

The Company continues to operate on a "Not for Profit" basis.

### **The Businesslink Company model**

Businesslink's is a registered company under the Corporations Act (Cth) 2001.

The Company model has required Businesslink to establish rigorous governance, compliance, quality and control processes, be balance sheet driven and open to external scrutiny as it fulfils its obligations under both Corporations law and NSW Government reporting requirements.

These requirements have delivered downstream advantages to our Shareholders, Client Agencies and the community through our heightened focus on financial disciplines designed to drive corporate sustainability and provide a satisfactory return to our Shareholders.

Businesslink delivers the following products:

<b>Business Unit</b>	<b>Product Type</b>
Human Resources	Regional & Metropolitan HR Centres
Human Resources	Recruitment
Human Resources	Industrial Relations
Human Resources	Payroll
Human Resources	Payroll Support Services - Tier 1 & Tier 2
Business Services	Records Management
Business Services	Property Services
Business Services	Fleet Management
Business Services	Office Services
Business Services	Printing Services
Financial Services	Accounts Payable
Financial Services	Accounts Receivable
Financial Services	Other Financial Services
Information Technology	Application Hosting
Information Technology	Shared Infrastructure
Information Technology	User support
Information Technology	Wide Area Network (WAN) Voice and Data
Commercial Operations & Corporate Governance	Project Services
Commercial Operations & Corporate Governance	Risk Management Services

## 4. STRATEGIC DIRECTIONS

Businesslink's corporate objectives are underpinned by three strategic imperatives that will guide the company through 2007-2017. Businesslink will:

- Seek opportunities that improve service delivery and capabilities for our Clients,
- Provide rigorous governance, compliance, quality and control, and
- Realise benefits through financial performance transparency.

The supporting actions, measures and timelines that confirm the achievement of each strategy have been grouped into result categories that are detailed at Table 1, Table 2 and Table 3.

### People Capabilities

Businesslink recognises that our people are our most important asset and one of the key ingredients that will enable us to improve service delivery and capabilities for our Clients.

During 2006-07, the business embarked on a range of programs designed to help staff understand their capabilities, assist them to achieve their aspirations and provide an environment that strikes a balance between work and family commitments.

The most important foundations of these are improved learning and development opportunities through GOAL, a personal development and capability awareness program, and a staff recognition and award program, 'Applause'.

### **GOAL (Grow Outcomes and Learn)**

As a Shared Services provider, NSW Businesslink needs to refine, grow and improve a business culture based on excellence in the provision of customer service. Businesslink has identified that core skills and "Shared Services" behavioural characteristics, such as leadership, customer service, problem solving and project management, underpin our capability to deliver excellent service delivery.

The GOAL Program is our primary business tool for defining what these core skills and behavioural characteristics are in the context of Businesslink, and for growing and improving such skills and behaviours to maximise service delivery outcomes for its Clients.

One of the key foundations of the Goal program is the recognised premise that people improvement leads to behavioural change that drives business improvement. The program assists staff to improve their problem solving capabilities and helps foster healthy attitudes.

Successful implementation will enable the development of the appropriate behaviours for leaders, managers and staff. GOAL assists all our people to understand and strengthen their Emotional intelligence. Emotional intelligence refers to the capacity to deal effectively with one's own and others emotions. When applied to the Businesslink workplace, emotional intelligence is about thinking intelligently with emotions; perceiving, expressing, understanding and managing emotions in a professional and effective manner at work.

### **Applause**

In quarter 3 2006-07, Businesslink management introduced the Applause staff reward and recognition program. This program will continue during 2007-08.

Applause is designed to formally recognise Businesslink staff that have made a significant contribution to the organisation. Nominations are sought twice yearly for the following three award categories.

- Service above and beyond
- Improve capability and capacity to deliver
- Exceptional delivery

### **Fee for Service (FFS) Pricing**

One of the fiscal levers that Businesslink introduced in 2006-07 was to move our products and services pricing to a Fee for Service model. FFS ensures equality in pricing for each of our Clients. Each product line is individually priced based on consumption metrics, which are underpinned by service quality standards. FFS is a key plank in the business' ability to meet our Strategic Imperative of realising benefits through financial performance transparency.

Another element of the FFS pricing structure is the deliberate bias towards offering lower prices for those services that are delivered using consistent and efficient end to end processes. To meet the objectives of Government and to realise the benefits that Shared

Services can deliver, the FFS structure highlights the pricing disadvantages that manual processes perpetuate.

With the co-operation of our Client Agencies, Businesslink can implement consistent and automated processes which will accelerate the savings transfer to Client Agency front line services.

### **Benchmarking**

As an outcome of our Strategic Imperative to uncover continuous improvement opportunities, Businesslink engaged an external organisation during 2006-07 to compare the pricing and cost drivers of the Services that we deliver to our Client Agencies.

The final results confirmed that the vast majority of our Services were delivered to our Clients at prices that were competitive in the marketplace. More importantly, it confirmed management's plans for 2007-08 process improvement programs.

These programs in the main, direct attention to deriving efficiency from the development of consistent end to end approaches within Businesslink and Client Agencies. Two such instances are the processing of financial transactions and more broadly delivering Learning and Development programs that will enable the increased use of the Electronic Self Service application by Client Agency staff.

The 2007-17 Business Plan outlines in more detail the proposed programs of work.

Businesslink will continue to utilise the services of independent 3<sup>rd</sup> parties to ensure all of our capabilities can be incrementally improved in the pursuit of best practice Client outcomes.

### **Aligning with GCIO People First ICT Strategic Plan**

Businesslink staff have continued the development of extremely strong relationships with GCIO and ensure that all ICT programs of work are aligned to the People First Plan. Significant effort will be devoted during 2007-08 to capitalising on previous year investments, where we consolidated most of the Client Agency and Businesslink Back Office Applications and ICT infrastructure.

Continued investment will be directed towards enhancing and expanding our Siebel Centres of Capability and developing new Centres from which we can share our skills so as to benefit all NSW Government agencies.

### **Managing Growth**

From within the confines of the 07-08 product suite and the existing Client mix, there is substantial potential to achieve sustained business growth to the Company's revenue, sustainability, benefits realisation for Clients and staff alignment to a Client centric Shared Services culture.

Growth potential:

- Capital Expenditure for projects and services which enable improved productivity and/or increased volume.
- Client Agency size (increased volume, and therefore revenue).
- Reducing duplication of effort between Company and Clients.

- Centres of Capability.
- Better joint Businesslink Client planning.
- Consistent automated processes for the same function by all Clients.
- Targeted Learning and Development activities to facilitate migration from paper/ manual processes to Electronic Self Service.

## **Results Logic**

To capture and categorise the day to day activities and governance requirements and confirm their alignment, Businesslink has developed a refined results logic flow (Figure 1). The flow enables management and staff to clarify the effect (result) of a decision or action.

Application of this method within the everyday work environment provides management, staff and Client Agencies greater certainty that Businesslink's efforts contribute to delivering government's objectives for the NSW community.

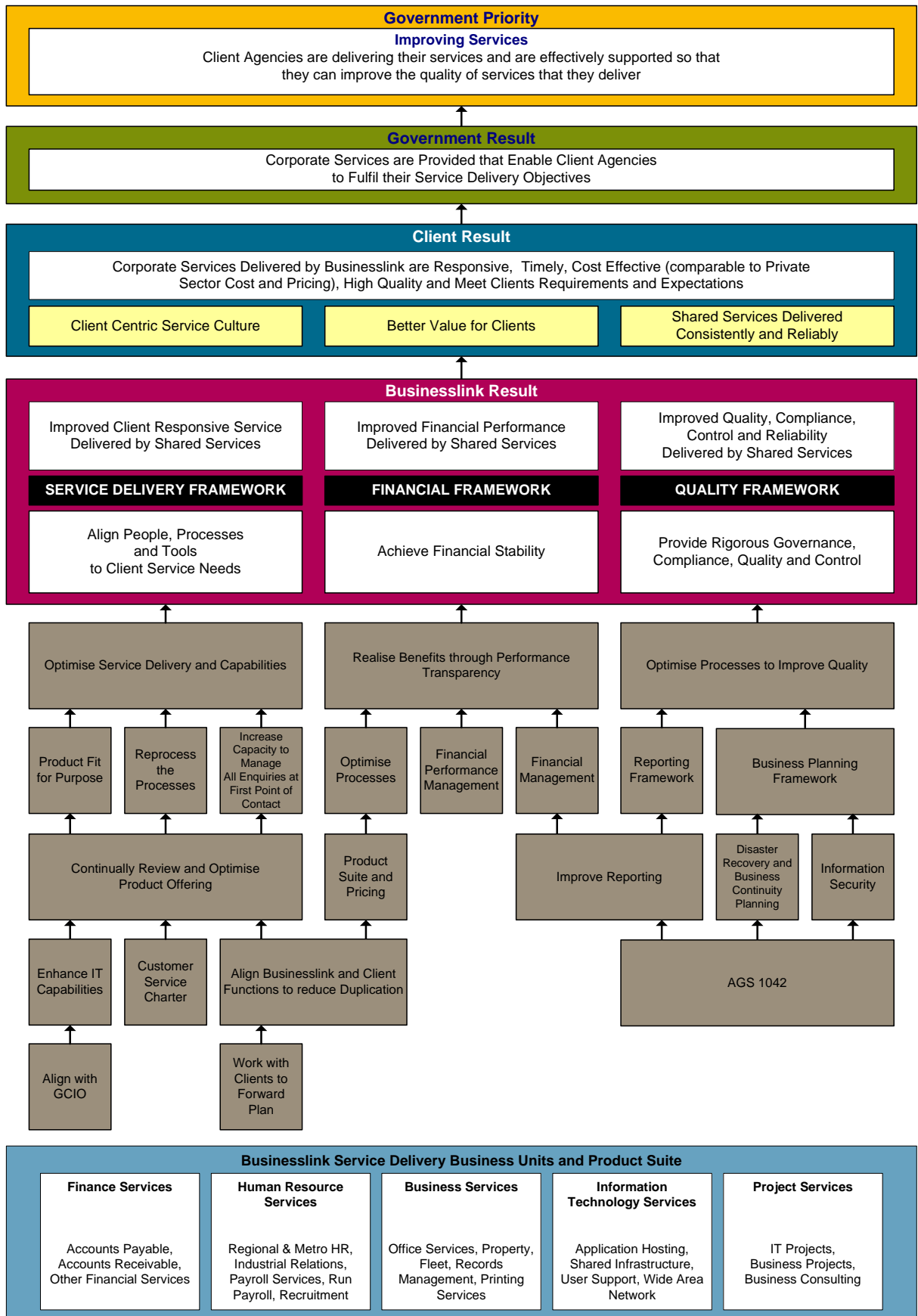
Consistent with Businesslink's desire to continually improve our organisational capability and transparency to our staff, Client's and Shareholders, the 2007-8 Results Logic introduces two additional management frameworks - Financial and Quality.

The Service Delivery, Financial and Quality frameworks are designed to work co-operatively which each other and where required, independently, to confirm milestone achievements.

The primary driver of the Financial framework is to deliver better value for our Clients through the implementation of optimised processes, detailed and relevant management and financial reporting. The resulting improved financial performance contributes to the Businesslink result through the achievement of financial stability.

The Quality framework will provide our Clients with ongoing validation of our performance and control measured against agreed external corporate and governance requirements. This contributes to the Businesslink result by confirming the reliability and repeatability of all Businesslink activities.

**NSW Businesslink - Results Logic Diagram**



**Figure 1 Results Logic Diagram**

During 2007-08 the Company will continue to monitor our performance against the three strategic imperatives by aligning each imperative to a result category:

Strategic Imperative	Result Category
<ul style="list-style-type: none"> <li>Seek opportunities that improve service delivery and capabilities for our Clients</li> </ul>	<ul style="list-style-type: none"> <li>Improved Client Responsive Service Delivery by Corporate Shared Services</li> </ul>
<ul style="list-style-type: none"> <li>Provide rigorous governance, compliance, quality and control</li> </ul>	<ul style="list-style-type: none"> <li>Improved Quality, Compliance and Control by Corporate Shared Services</li> </ul>
<ul style="list-style-type: none"> <li>Realise benefits through financial performance transparency</li> </ul>	<ul style="list-style-type: none"> <li>Lower Cost for Corporate Shared Services</li> </ul>

Each Result Category has been aligned to a strategy and the achievement of each strategy requires the implementation of a range of once off or continuing actions for its realisation.

2007-08 introduces additional actions and timelines for their achievement. The updated tables include a new column that confirms the co-dependency of the Service Delivery, Financial and Quality Frameworks for the achievement of the SBI.

**Table 1 Improved Client Responsive Service Delivery by Corporate Shared Services**

Framework	Strategy	Action	Timeline
Service Delivery	Businesslink has a Client Centric Service Culture	Client Satisfaction Surveys.	Conduct Annually
Service Delivery Financial	People, Processes and Tools are aligned to Client Service Delivery	Review the effectiveness of current business processes and standard operating procedures	Each Business Unit to have been reviewed annually
Service Delivery Quality	People, Processes and Tools are aligned to Client Service Delivery	Build on 2006-07 Centres of Capability initiatives Siebel SAP Trim	Deepen expertise quarterly Implementation plan developed by Q2 07-08 Implementation plan developed by Q3 07-08
Service Delivery	Businesslink is Responsive to Client needs	Report business performance against product service levels.	Monthly
Service Delivery	Businesslink is Responsive to Client needs	Review and refine product service levels ensure alignment with Client requirements	Conduct 6-monthly
Service Delivery	Businesslink is Responsive to Client needs	Implement Service level KPI framework for non-financial business performance measures.	Report quarterly

Framework	Strategy	Action	Timeline
Quality and Service Delivery	Technology capabilities are enhanced to meet Client and government requirements	Review, monitor and confirm benefits of the ITIL control framework.	Half yearly include in IT Services Business Review Reports
Quality and Service Delivery	Technology capabilities are enhanced to meet Client and government requirements	Retain compliance with AS/NZS ISO/IEC 27001:2006A certification (previously AS/NZS 7799).	Review compliance Annually

**Table 2 Improved Quality, Compliance and Control by Corporate Shared Services**

Framework	Strategy	Action	Timeline
Quality	Business Planning aligns to unitised products operational model	Review and refine planning methodology that aligns with unitised product delivery within a Shared Services environment.	Annually
Quality and Service Delivery	Organisation capability and controls building around compliance framework	Maintain 3 <sup>rd</sup> Part Assurance certification standards and expand across other functional area's in-line with organisation priority.	Payroll Q1 07-08 Finance Q4 07-08 Billing Q4 07-08
Quality	Consumption and demand reporting provided to Clients	Review and enhance monthly product consumption and service level reporting to Client Agencies.	6-monthly
Financial	Financial Performance Management	Review management policies to mitigate financial risk and liabilities.	6-monthly

**Table 3 Lower Cost for Corporate Shared Services**

Framework	Strategy	Action	Timeline
Financial and Service Delivery	Product suite & pricing are fit for purpose	Analyses of the product fit for purpose and match to Client needs.	6-monthly
Financial and Quality	Business and product performance is benchmarked	Standard product cost and functional external benchmarking.	Annually
Financial and Quality	Capital Investment program aligns to product growth	Business Continuity & Disaster Recovery: <ul style="list-style-type: none"> <li>▪ Implement industry standard 2nd data centre to load balance and mitigate BCP/DRP risk</li> </ul>	Complete end Q2 2007-08
Financial and Quality	Capital Investment program aligns to product growth	Review and upgrade Primary data centre to minimise opportunity for business disruption through operational failure.	By Q2 2007-08

Framework	Strategy	Action	Timeline
Financial	Organisation financial management realises Shared Services benefits	Review product and business financial performance.	Quarterly reporting
Financial	Organisation financial management realises Shared Services benefits	Achieve benefits realisation plan of \$2.876M for 2007-08.	Quarterly reporting

Each initiative will be supported by a number of projects and/or tactics, these are detailed in the 2007-17 Business Plan.

## 5. FINANCIAL PERFORMANCE TARGETS

During the 2006-07 period, Businesslink successfully met all of its financial performance targets. For the 2007-08, year more emphasis will be placed on achieving our fiscal goals with more consistency and in a more efficient manner.

**Table 4 Annual Performance Targets**

	2006/07 Budget	2007-08 Budget	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
Gearing Ratio	62%	56%	50%	43%	32%
Target Gearing (Minimum)	TBD	TBD	TBD	TBD	TBD
Target Gearing Ratio (Maximum)	TBD	TBD	TBD	TBD	TBD
Debt to Equity Ratio	166%	129%	102%	77%	47%
Target Debt to Equity Ratio	45%	45%	45%	45%	45%

(\$m)	2006/07 Budget	2007-08 Budget	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
Earnings Before Interest & Tax	\$0.41	\$0.84	\$2.37	\$2.77	\$6.21
Operating Profit Before Tax	(\$0.90)	(\$0.28)	\$1.36	\$1.88	\$5.45
Income Tax Expense	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operating Profit After Income Tax	(\$0.90)	(\$0.28)	\$1.36	\$1.88	\$5.45
Target Dividend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EBITDA Margin (%)	10%	12%	12%	12%	12%
Return on Average Assets (%)	1%	3%	9%	14%	40%
Return on Average Equity (%)	(8%)	(2%)	10%	13%	30%

**Table 5 Quarterly Financial Performance Targets**

	Q1 YTD Jul-Sep 2007	Q2 YTD Oct - Dec 2007	Q3 YTD Jan - Mar 2008	Q4 YTD Apr - Jun 2008
Earnings Before Interest & Tax (\$m)	\$0.21	\$0.42	\$0.63	\$0.84
Operating Profit Before Tax (\$m)	(\$0.07)	(\$0.14)	(\$0.21)	(\$0.28)
Income Tax Expense (\$m)	\$0.00	\$0.00	\$0.00	\$0.00
Operating Profit After Income Tax (\$m)	(\$0.07)	(\$0.14)	(\$0.21)	(\$0.28)
Target Dividend (\$m)	\$0.00	\$0.00	\$0.00	\$0.00
EBITDA Margin (%)	12%	12%	12%	12%
Return on Average Assets (%)	3%	3%	3%	3%
Return on Average Equity (%)	(2%)	(2%)	(2%)	(2%)

## 6. NON-FINANCIAL PERFORMANCE TARGETS

Table 6 details the Non-Financial Performance Targets that Businesslink will strive to achieve in 2007-08.

Some targets such as Grade of Service (GoS) and Availability will be reported monthly to the Board and quarterly to NSW Treasury.

Others will be reported either half yearly or annually.

**Table 6 Non-Financial Performance Targets**

Business Unit	Indicator or KPI Description	Requirement	Reporting Frequency
Corporate	Price Benchmarking	To confirm the Fee for Service pricing of our products is market competitive against a peer group of commercial and government providers.	Annually
Corporate	Customer Satisfaction	Identify Client Agency users perceptions of the quality, timeliness, cost and suitability of Businesslink's services	Annually
Corporate	Reduce average sick leave taken per full time equivalent by one day per annum by 2008-09,	Reduce from 2004-05 average of 7.7 days to 6.7 days 2007-08 Target, 7.1 days	Quarterly
Corporate	Reduce overtime worked by 5% by 2008-09	Reduce overtime cost from 2004-05 cost of \$1.45m to \$1.22m by end 2008-09 2007-08 Target, \$1.29m	Quarterly
Human Resources	Client Responsiveness	100% of services delivered at minimum KPI requirement	Quarterly
Human Resources	Regulatory Compliance	All audit results above 3	Half Yearly
Business Services	Grade of Service	100% of services delivered at minimum KPI requirement	Quarterly

<b>Business Unit</b>	<b>Indicator or KPI Description</b>	<b>Requirement</b>	<b>Reporting Frequency</b>
Financial Services	Client Responsiveness	100% of services delivered at minimum KPI requirement	Quarterly
Financial Services	Regulatory Compliance	All audit results above 3	Half Yearly
Information Technology	Availability	100% of services delivered at minimum KPI requirement	Quarterly
Commercial Operations & Corporate Governance	Audit Ratings	All audit results above 3	Annually

## **7. CAPITAL WORKS PROGRAM**

Businesslink's capital program is focussed on the maintenance and management of existing assets to meet Client demand for services. This capital expenditure program is for minor works capital only and is focussed on ensuring the shared services infrastructure managed and provided by Businesslink is sufficiently robust and scaleable to meet the Client's ongoing demand for services.

The capital and investment strategies that Businesslink has adopted are refocused on:  
 Developing and enhancing the existing productive asset base,  
 Refreshing and renewing operational assets, and,  
 Mitigating operational and security risk.

Within these strategies, key areas for capital expenditure will be:

- Expansion and Management of Data Storage infrastructure,
- Upgrade and replacement of ageing computer hardware and communication facilities,
- Upgrading and standardising shared service applications and software, e.g. SAP,
- Development of a Client self service portal, and
- Continued implementation of Electronic Records and Document Management within Businesslink.

Table 7 outlines the capital expenditure through until 2010-11.

The 2007-08 expected level of minor capital works expenditure will occur proportionally throughout the year, that is, \$1.5m per quarter.

**Table 7 Capital Works Program – Overview and Financing**

\$m	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual (Projection)	Budget	Forecast	Forecast	Forecast
Program by Component of Capital Works					
Requirements for growth	\$4.951	\$3.948	\$4.119	\$4.019	\$4.019
Requirements for renewal or maintenance of assets	\$1.590	\$1.752	\$1.081	\$1.181	\$1.181
Capital expenditure needed for regulatory compliance	\$0.400	\$0.300	\$0.300	\$0.300	\$0.300
Program by Source of Funds					
Budget Funding	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Borrowings	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Sources (includes internal funds)	\$6.941	\$6.000	\$5.500	\$5.500	\$5.500
Total	\$6.941	\$6.000	\$5.500	\$5.500	\$5.500

## 8. ACCOUNTING POLICIES

Businesslink's accounting policies are in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) and Treasury Circulars and policies on accounting policy matters.

There no known changes in accounting policy or other material accounting issues that would have a material impact on the achievement of financial performance targets defined in this SBI and the Business Plan.

## 9. SOCIAL PROGRAMS AND NON-COMMERCIAL ACTIVITIES

Businesslink does not have any directly funded or required Social Programs or Non-Commercial activities.

Businesslink is however aware of its wider social obligations and contributes to the welfare of the citizens of New South Wales by:

- Providing Client Agencies with efficient, high quality, cost effective shared services,
- Upholding safe and fair work practices,
- Working closely with the Government Chief Information Office.

**Table 8 Social Programs**

Program Title	Purpose	Total Cost (if applicable)	2007-08	2008-09	2009-10	Source of mandate
Nil						

**Table 9 Non-Commercial Activities**

<b>Program Title</b>	<b>Purpose</b>	<b>Total Cost (if applicable)</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>Agreed dates for discontinuation or divestment</b>
Nil						

## **10. RISK OVERVIEW AND IMPACTS**

Businesslink's Board has appointed Audit and Information Management & Technology Sub-Committees to satisfy our Directors that Risks are constantly monitored and that effective mitigation plans are operational.

We take a holistic view of risk incorporating corporate governance, risk management, and business continuity management (BCM). Together these operate within the framework illustrated at Figure 2

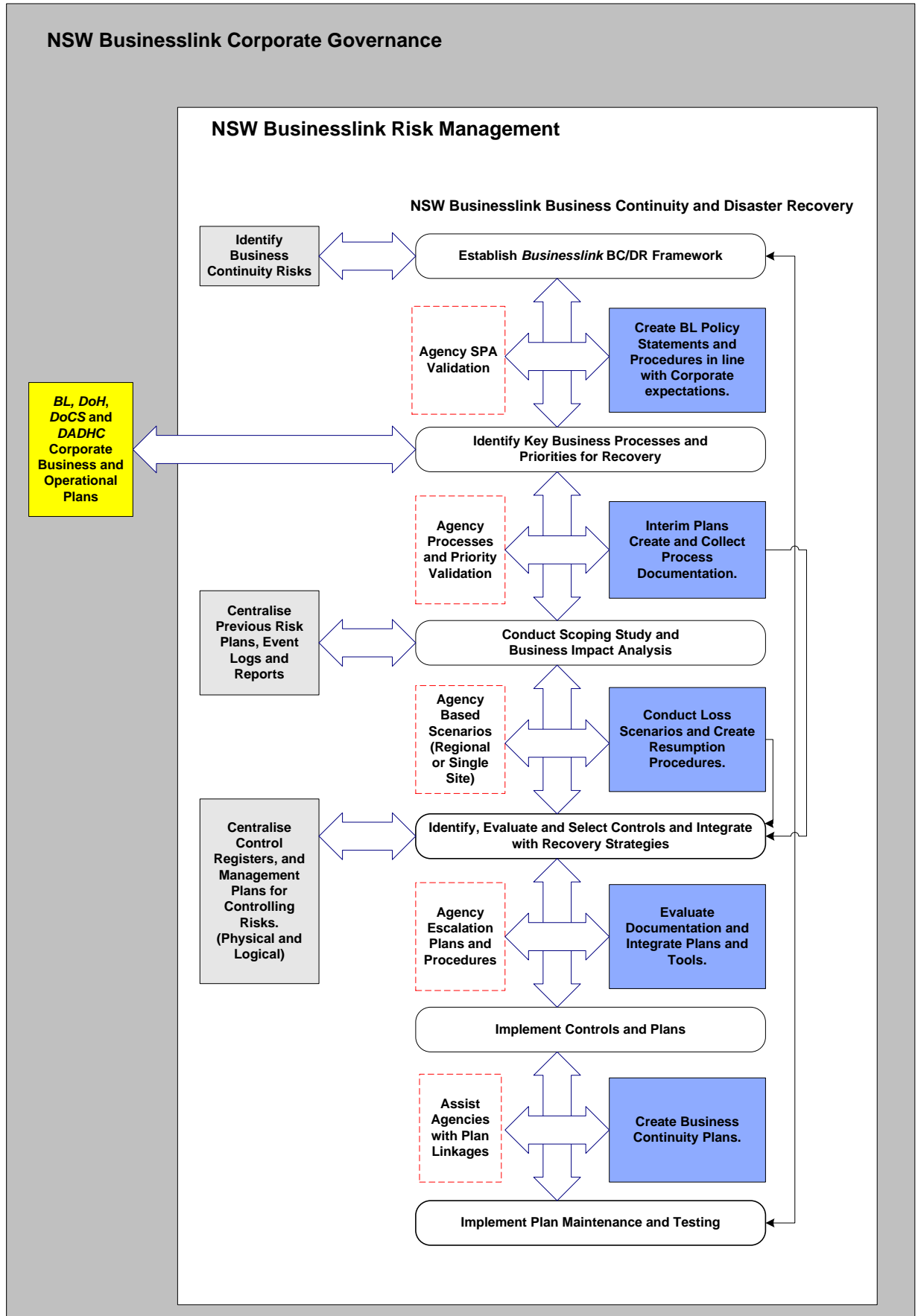


Figure 2 Business Operations and Risk Management Flow

Operationally, Businesslink has introduced a program of audit and review of all aspects of our Business by third party assurance experts. These reviews are designed to ensure that our risk profile is continually lessened.

In addition to these governance and review structures, Businesslink's Risk and Information Security Compliance business unit's purview encompasses our whole operation, and where risk may be introduced through activities that we perform in partnership or conjunction with our Client Agencies, this group monitors these external activities.

As a Company, we are committed to the implementation and review of all relevant governance and compliance standards and seek to ensure that our operational performance meets or exceeds these requirements.

A summary of the key 14 critical and high risks (upper quadrant) and the mitigation strategies are outlined at Table 10.

**Table 10 Major Risks and Potential Impacts**

Service / Division	Risk	Likelihood	Impact	Risk Rating
Corporate	<b>Business Continuity and DR</b> The risk that Businesslink will be unable to function (service its client agencies) due to power outage, loss of data centre; The risk of large downtimes in the event a disaster occurs within Businesslink due to inadequate tested BCP and DR frameworks.	Rare	Catastrophic	Critical
Payroll	<b>Payroll Process Failure</b> The risk that BL is unable to process payroll due to a point of failure within the payroll payrun cycle - this includes EFT Payrun transfer failure. Other risks include the miscalculation of Superannuation or Tax.	Rare	Catastrophic	Critical
Corporate	<b>CAPEX Availability to meet Business Demands (particularly of Technology Infrastructure)</b> The risk that BL is unable to access CAPEX required to fund growth and maintain sufficient system/infrastructure upkeep and BCM requirements.	Likely	Major	Critical
Corporate	<b>Knowledge management</b> The risk of loss in existing knowledgebase due to ineffective succession planning, staff training, development and appropriate skills transfer. This risk is further increased by an aging workforce.	Likely	Moderate	High
Application Hosting	<b>High Profile Client Application Hosting</b> The risk that BL fails to support key client systems such as KiDS, CIS, IHS	Unlikely	Major	High
Information Technology	<b>Effective Patch Management Strategies</b> The risk that the current level of Patch Management effectively manages the security and exposure to external vulnerabilities, for example, bugs and viruses.	Almost certain	Moderate	High
Records Management, Off-site Storage	<b>Effective Records Management</b> The risk that the physical records management systems in place will result in destruction or loss of key records.	Unlikely	Major	High
Corporate	<b>Maintenance and Retention of Products / Services Clients</b> The risk of loss of revenue due to a client agency sourcing services elsewhere or insourcing a product/service line (impacting on fixed cost structure)	Unlikely	Major	High

Service / Division	Risk	Likelihood	Impact	Risk Rating
Data Storage, Email System	<b>Effective Data Management</b> The risk that current data management procedures and existing archiving strategies leads to the inability to restore files for client agencies or inability to continue to host legacy systems (as support & maintenance becomes obsolete or outdated).	Unlikely	Major	High
Projects	<b>Effectual Project Management</b> The risk that inconsistent approach to project management, including consistency in signoff, documentation and project management procedures - behavioural mindset; Risk of a disruption to the continuance/maintenance of service during the transition period from projects to operations.	Unlikely	Major	High
Corporate	<b>Privacy and Confidentiality of Information</b> The risk of misappropriation of information as a result of a breach in privacy, for example, during disposal of hardware, conversation with client.	Rare	Major	High
Corporate	<b>Capacity to Service New Clients</b> The risk of governance constraints on shareholder agreement and the inability to service additional client agencies if/when the need arises.	Unlikely	Major	High
Corporate	<b>Product Life Cycle (Business model)</b> The risk that misunderstanding or clear direction around product life cycle and product development leads to fragmented development of product, pricing & service standards.	Likely	Moderate	High
Corporate	<b>Control of Business Improvement</b> The risk that an inconsistent nor formalised approach to change within the business environment, including people, process and tools, results in efficiencies and additional costs.	Likely	Moderate	High

## 11. FINANCIAL ASSET AND LIABILITY MANAGEMENT

Businesslink operates within the Financial Asset and Liability Management policies and guidelines. In particular, we conduct our activities in accordance with Treasury Management Policy and have procedures in place to ensure compliance.

## 12. STATEMENT ADDRESSING SHAREHOLDERS' ISSUES

Businesslink's Shareholders have not raised any strategic issues or concerns. If issues are raised in the future, Businesslink's Board and management would work co-operatively with Shareholders to implement mitigation or resolution procedures.

## 13. QUARTERLY REPORT

Businesslink will distribute its quarterly reports to NSW Treasury on the 14<sup>th</sup> working day of the month following the end of each quarter. Actual return dates are set out in Table 11 overleaf.

Each report will present Businesslink's quarterly and year to date performance against the criteria detailed in this SBI at:

- Table 4 Annual Performance Targets,
- Table 5 Quarterly Financial Performance Targets,
- Table 6 Non-Financial Performance Targets, and
- Table 7 Capital Works Program – Overview and Financing

**Table 11 SBI Quarterly Report Timeline**

<b>Date</b>	<b>Content</b>
Friday 26 October 2007	Q1 07-08 SBI Performance Report
Friday 25 January 2008	Q2 07-08 SBI Performance Report
Friday 25 April 2008	Q3 07-08 SBI Performance Report
Friday 25 July 2008	Q4 07-08 SBI Performance Report