



Australian Government



Services  
Australia

# Inquiry into the failed visa privatisation process and the implementation of other public sector IT procurements and projects

Services Australia Submission

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## Overview

Services Australia (the agency) thanks the Joint Committee of Public Accounts and Audit for the invitation to make a submission to the Inquiry into the failed visa privatisation process and the implementation of other public sector IT procurements and projects (the Inquiry). This submission outlines the agency's experience in the delivery of government ICT programs and projects including key lessons learned.

The agency manages critical national infrastructure that is core to supporting the way in which the Australian public interacts with many high volume government services. In 2022–23, the agency delivered \$219.5 billion in payments and processed 465.5 million claims. The agency has a strong record of delivering high quality, safe and accessible technology that Australians use every day. The agency is responsible for the management of myGov - the Australian Government's primary digital services platform. Additionally, the agency delivers over 120 projects each year for policy departments and shared services partners.

Some of Services Australia's recent achievements in the digital and technological space include:

1. Supporting the Government's response to the COVID-19 pandemic by:
  - a. developing and implementing changes to the Australian Immunisation Register (AIR) so providers (including new vaccination provider types) could record and report COVID-19 vaccines, boosters, and medical contraindications;
  - b. enhancing the AIR's reporting and visualisation capability for vaccination data to better inform appropriate health responses including the reopening of state, territory and international borders;
  - c. designing and delivering domestic and international COVID-19 vaccination certificates, accessible through a range of channels including myGov, Medicare online account, My Health Record, the Individual Healthcare Identifier system, the Medicare Express Plus mobile app and integration with state and territory government check in apps. The certificates were also able to be stored in Apple and Google wallets, ensuring people could conveniently access their certificate and prove vaccination status from their mobile device; and
  - d. delivering the COVID-19 Disaster Payment, Pandemic Leave Disaster Payment, and High-Risk Settings Pandemic Payment to provide assistance to people who were unable to work and earn their usual income due to the pandemic.
2. Working with the Department of Health and Aged Care to design and deliver the Residential Aged Care Funding Reform (RACFR) program, which simplified the digital platform supporting aged care payments and aims to deliver better quality care through funding more aligned to the needs of aged care residents. This allowed the complete end to end decommissioning of the legacy SPARC system.
3. Making numerous enhancements and improvements to myGov, including:
  - a. the Enhanced myGov website, which organised government payments and services by major events in people's lives, making relevant information more easily accessible;
  - b. developing the myGov app, creating a simple and secure way for people to access online government services on their smart phones;
  - c. integrating digital Commonwealth statutory declarations into myGov, using digital identity to verify identity and ensure the declaration is legally binding without the need for a physical witness; and
  - d. pioneering security in government services using passkeys, to protect Australians from phishing scams used to harvest personal information and fraudulently access accounts.

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4. Simplifying and automating (where appropriate) the Australian Government Disaster Recovery Payment to support faster and more efficient assessment of claims to help Australians during times of urgent need.
5. Developing and delivering the Digital Identity Exchange to support the Australia's Digital Identity System. This facilitates a seamless data exchange between identity providers (such as myGovID) and over 130 Commonwealth and state/territory government services.

The successful delivery of these key initiatives informs how the agency continues to improve its services and simplify people's interactions with government, so Australians can get on with their lives.

The landscape the agency operates in continues to evolve, influenced by rapid technological advancements, dynamic social and economic shifts and an increasingly interconnected service delivery ecosystem. The increased frequency and severity of natural disasters, coupled with a heightened need for security and scalability, requires a responsive and adaptable approach to cater to the diverse needs of agency staff and customers.

To effectively manage these systems and ensure that they meet the expectations of the public and government, the agency reviews how systems are managed, and reviews lessons learned regularly.

The agency would like to take this opportunity to inform the inquiry of core lessons learned when managing large scale ICT systems, with a particular focus on working with vendors to deliver service delivery transformation.

## Foundational lessons

The agency is dedicated to continuous improvement and growing our in house capability to ensure better services and payments are delivered to Australians on behalf of government.

The effective management of large scale ICT systems and successful undertaking of transformation initiatives requires a solid foundation of preparation, expertise and shared organisational understanding.

Key takeaways from the agency's recent transformation experiences are:

1. **Have your A-team lead the way:** You cannot enable business transformation without having the business specialists leading the way. The business specialists need to have the right change mindset and champion the change. Transformation is a partnership between business, technology leaders and the vendors. You need to have the best and brightest up front leading the way to ensure that you are all working towards the same outcome.
2. **Have a thorough understanding of the business and technology landscape:** Before starting any ICT transformation, it is essential to have a deep understanding of the intricacies of the business and technical landscape that you operate within. The success of managing ICT systems relies heavily on well-documented and meticulously maintained business and system process documents.
3. **Legislative and business change drive technology transformation:** Significant transformations may require legislative and business overhauls ahead of technology changes. Neglecting these foundational elements will limit the potential benefits of technology and digital transformation. Business transformation, complemented by necessary legislative updates, should serve as the driving force behind technology and digital transformation. If you do not transform your business first, the technology will replicate existing processes and you will not realise the full benefit.
4. **Unified, bold leadership is crucial for transformation:** Strong, unified, and courageous leadership is essential for articulating and communicating the future vision clearly. The leadership must be present at every level across Business, Program, and ICT to navigate the risks associated with transformation. Alignment and commitment in leadership across the agency is necessary to guide staff through a collective transformation process and maximise return on investment.
5. **Expand talent pool for successful transformation:** There may be a need to expand the talent pool and explore different ways of working. With various government departments and agencies implementing major programs in similar technologies, the market is strained. Collaborating with industry and other government agencies and departments for talent development and management may be required to ensure the continued development of the right skills for transformation programs. Consider a Whole of Government approach for identifying the appropriate resources.



## Working with Vendors and System Integrators

Vendors performing as System Integrators (SI's) play a pivotal role in supporting the Government in the management and enhancement of large-scale ICT systems. Engaging a vendor with the required skills for a project at a reasonable price requires careful consideration and planning.

The use of vendors as SI's in the delivery of large-scale ICT system transformation can increase the risk of failing to deliver quality outcomes if expectations are not made clear, and they are unable to perform optimally.

Relying on vendors as SI's is not a guaranteed solution to address ICT and business transformation challenges, regardless of commitments vendors make. While engaging with SI's may appear to minimise risks for the agency and government, risk and complexity cannot be completely outsourced. It is important for APS staff to take the lead in managing SI expectations and outcomes.

Below are some key lessons the agency has learned from engaging with vendors as SI's for the management of large ICT programs in service delivery transformation.

### Strategy

1. **Remain the primary systems integrator:** As the primary integrator of ICT systems, the agency will maintain control and direction of the overall solution. Large scale ICT transformations can fail when they are led by SI's without the required skills or business knowledge to perform effectively. Performance can be managed through effective governance processes and contractual obligations, but effective governance cannot fully replace the organisation's role as primary systems integrator.
2. **Be wary of the low-cost response:** Understand that responses may underbid and over promise, which is likely to lead to budget blow outs into the future. Often, the lowest estimates come from vendors that are not aware of the complexity of the environment that government is working within. Price is not the only measure of value for money. Be clear in your selection criteria and understand the tension between low price, a target delivery schedule and fit for purpose outcomes.
3. **Be clear on your end state before you start:** Be clear on the desired outcome prior to the approach to market, and clear on the role you want the vendor to play in achieving the outcome. When engaging with Software as a Service (SaaS) offerings, understand the impacts of having vendors build, run, and directly manage systems on your behalf. It is crucial to have a clear vision of the program to support vendor selection and a settled position on the operating model that will govern the programme's management once it shifts to an operational state.
4. **You cannot outsource risk or accountability:** An agency cannot outsource/delegate risk or accountability to vendors. Regardless of what the vendor can commit to through a commercial contract, and penalties that can be included, an agency will always be accountable for the successful delivery and management of ICT systems.
5. **Select the right work package for independent delivery:** Do not underestimate the complexity of the business system that the technology needs to integrate into. While the technology itself might seem straight forward, the challenge lies in the integration into a highly complex government domain that many vendors will not have experience in. Does the vendor have the depth of knowledge required for them to deliver independently, or will they need time intensive support from APS staff that may undermine the cost benefit?

### People

1. **Be realistic about the vendors capability:** The deep systems knowledge and business experience will come from the APS workforce. This cannot be replicated by vendors and should not be. If a vendor develops a deeper knowledge of the system than the agency, controlling the development and maintenance of that system will be difficult.
2. **Key roles drive the business, market enhances:** Clearly define essential roles e.g. Project Manager, Systems Analyst, Change Manager, within the workforce strategy. Where possible, keep those roles

internal to the business. Leverage the market to enhance and develop these skills rather than seeking replacements.

3. **Understand the dependencies on a vendor:** Recognise the vendor dependencies when implementing a new platform, which should evolve over time. Prioritise knowledge transfer and enhancing internal capabilities through a mix of formal training and on the job learning. The vendors role may shift throughout the program's lifecycle. Vendors need to transition to providing a support service for the organisation and equipping internal teams with the skills to maintain the product once the contract ceases.
4. **Align culture, integrate resources for effectiveness:** Cultivate a program culture that aligns the vendor and the APS team. Unite the program team with a singular vision. Integrate vendor resources into the broader team to foster a cohesive, unified team while supporting knowledge transition and capability uplift.
5. **Clear training paths, support new skills:** Establish clear training paths for APS staff, providing support as they develop new technology skills. While on the job training and knowledge transfer from vendors is valuable, consider accredited courses to consolidate skills, and reduce reliance on vendors.
6. **The right people in the right roles:** While building internal capability to support training and knowledge transfer, understand the critical skills gaps within the agency and make sure those gaps are being filled with the right people. This includes transitioning configuration and business knowledge management for SaaS platforms to APS. Use vendors to supplement the skills gap with a strategic view to grow APS capability.

## Governance

1. **Careful vendor selection:** Not all vendors and SI's work under the same values, ethics, and principles as the APS. A strong governance approach to validate the outputs and outcomes of the vendor and SI's is required to ensure transparency and appropriateness of the output.
2. **Invest in relationship and contract management:** Invest in building strong contract/relationship management and engagement skills. It is essential to have skilled and experienced contract managers who grasp the program needs and can navigate contract discussions to accommodate the changing needs of the program.
3. **Verify assumptions, adapt vendor choices:** Continuously validate assumptions from the early stages and throughout the program's lifecycle. If the initial assumptions that influenced vendor selection are proved to be incorrect or no longer valid, carefully assess the next course of action.
4. **Define and manage clear KPI's:** Closely monitor agreed milestones to gain an early indication of failure points. Focus particularly on the SI's ability to resource appropriately and meet early milestones. Critically assess the reasons for delays and validate with evidence.
5. **Manage the risk of exiting a contract early:** Consider alternative strategies to mitigate the risk of needing to exit a contract early. For example, entering into shorter duration contracts consistent with the Digital Transformation Agency's Digital Sourcing Contract Limits and Reviews Policy). Shorter contracts can be coupled with multiple options to extend a contract for a further term at the customer agency's discretion, thereby giving flexibility to "exit" at certain points.
6. **Be bold in the execution of exit clauses:** Ensure that the contract has the right exit points clearly outlined, and they do not cause an unacceptable financial imposition if executed. If the program is in, or is leading to, an irretrievable position, have the hard conversations early, while ensuring you can execute your contingency plan.

## Transition

1. **Begin BAU transition from program start:** The transition to enduring operations should start from the beginning of the engagement, ensuring a well-planned and smooth transition into day to day operations.

2. **Stocktake vendor documentation:** Conduct a comprehensive program documentation review with vendors, similar to a stocktake. Ensure that there is clarity with supporting documents for data led decision points and that all artifacts are appropriately stored per program specifications.
3. **Clear funding models supports operational success:** It is important to have a well-defined funding model for sustaining operations. This model should not only cover the day to day running of the system, but also account for minor enhancements, upgrades, and problem management.
4. **Contingency planning for unrealised program value:** Have a contingency plan in place in case the program does not deliver the intended value, or outcomes as expected. This includes making decisions on whether you proceed using existing funding envelopes or if it will be necessary to seek additional funding from government.