Government senators' dissenting report

1.1   Government senators are supportive of the considered approach being undertaken by the government with respect to the digital transformation of government service delivery. There are few aspects of our lives that are not touched by technological changes and government service delivery is no exception. The Government has a central role in ensuring that it is easy for citizens to access government services efficiently and to the same or better standard than is currently the case.

1.2   Government senators also accept that digital transformation is a highly disruptive process. It is to be expected that a paradigm shift in the way in which people have traditionally communicated and conducted their business with government will not be without its challenges.

Leadership

1.3   The evidence before the committee has been helpful in articulating the complexity of managing the transition to digital delivery of government services. The evidence has shown that there is not a simple one size fits all solution. There are legacy issues which require individually tailored approaches—for example, the digital transformation journey for the Australian Taxation Office cannot be the same as for the Department of Home Affairs.

1.4   Government senators disagree with the majority view that a centralised mega-agency is the answer to the whole-of-government approach to digital transformation of government services. Such an approach to digital transformation is rooted in the old command-and-control view of the public sector that does not acknowledge the need for active engagement, flexibility and collaboration. The functions of government departments and agencies are diverse and distinct and it is important that the relevant corporate and policy expertise and knowledge are harnessed when transforming service delivery.

1.5   Where appropriate, Government senators support an approach where departments and agencies have the ability to build digital platforms and solutions to meet their particular portfolio programs. Such platforms and solutions should be leveraged as appropriate across the government and more importantly, should continue to place the users and their experience at the centre.

1.6   The majority report has criticised a supposed lack of strategic focus at the ministerial and senior executive level of the Australian Public Service (APS) in relation to digital transformation. Not only does this reflect a callous disregard for the hard work and dedication of senior public officials, but also a disregard for the facts. Government senators note that Cabinet has strategic oversight of digital transformation through the Digital Transformation and Public Sector Modernisation Committee (DTPSMC). One of the committee's objectives is to modernise the APS so

that it is best structured to meet the challenges that the digital delivery of government services so clearly pose. Decisions of the committee are Cabinet decisions.[1]

1.7   The Digital Transformation Agency (DTA) provides whole-of-government guidance through a range of measures with the DTA being tasked to develop a Digital Transformation Strategy for the Commonwealth. The strategy will be accompanied by a clear roadmap with key performance indicators which will set out important milestones to be achieved over the next two years.[2] The DTA also sponsors the Digital Service Standard setting out criteria applicable to all government departments and agencies ensuring digital teams build government services that are simple, clear and fast.[3]

1.8   In addition, the Government's whole-of-government cyber security response is the responsibility of the Australian Cyber Security Centre within the Australian Signals Directorate (ASD).[4] The ASD provides material, advice and other assistance to Commonwealth and state authorities on matters relating to the security and integrity of information managed digitally.[5] Under the Attorney-General's Protective Security Policy Framework, ASD sponsors the Information Security Manual (ISM), and/however/outlining that responsibility rests with government departments and agencies to apply a risk-based approach to protecting their information and systems.[6]

1.9   The Office of the Australian Information Commissioner (OAIC) provides a whole-of-government perspective on information policy matters. The Information Commissioner reports to the Attorney-General on matters relating to Australian Government information management policy and practice, including FOI and privacy.[7]

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1   Australian Government Directory, Cabinet Committees, Digital Transformation and Public Sector Modernisation Committee, available at: https://www.directory.gov.au/commonwealth-parliament/cabinet/cabinet-committees/digital-transformation-and-public-sector-modernisation-committee (accessed 14 June 2018).

2   Hon. Michael Keenan, MP, Address to the Australian Information Industry Association, *Delivering Australia's digital future,* media release, 13 June 2018, available at: https://ministers.pmc.gov.au/keenan/2018/delivering-australias-digital-future (accessed 14 June 2018).

3   Digital Transformation Agency, *Digital Service Standard,* available at: https://www.dta.gov.au/standard/ (accessed 14 June 2018).

4   The Australian Cyber Security Centre, https://www.acsc.gov.au (accessed 4 June 2018).

5   Department of Defence, *Submission 7*, p. 1.

6   Department of Defence, Submission 7, p. 1.

7   Office of the Australian Information Commissioner, available at: https://www.oaic.gov.au/about-us/ (accessed 20 June 2018). The Office of the Australian Information Commissioner (OAIC) is an independent statutory agency within the Attorney General's portfolio with functions conferred by the *Australian Information Commissioner Act 2010.*

1.10   Government senators believe that strategic leadership is being provided not only by the Cabinet, but also by senior public servants. The government has a coherent strategy to implement the digital transformation of government.

The Australian Public Service

1.11   Government senators note the evidence before the committee concerning a general marketplace shortage of ICT professional staff, mirrored by a skills shortage in the APS. Dr Nick Tate from the Australian Computer Society referred to statistics on the overall ICT economy which identify that there is a substantial skills shortage for a range of ICT professionals. He stated that 81 000 new ICT professionals will be needed by 2022.[8] This figure is significant. The evidence of Mr Shetler is also pertinent. He observed that the digital talent pool in Australia to be broadly based, but shallow, particularly for certain kinds of fields like product management for designing a service in a new way.[9] These shortfalls present challenges for the both the private and public sectors.

1.12   Government senators do not agree with the majority report's conclusion that the cause of the ICT skills shortage in the APS is the outsourcing of ICT products and services to external vendors. Government senators are of the view that the ICT capability issues within the APS is a consequence of a wider marketplace shortage of ICT professionals that makes it more challenging for APS to secure and retain a range of highly sought after capabilities and skills. Notwithstanding this, government senators agree that there is merit in the majority's recommendation that the APS introduce a specialist APS ICT career stream to address a market failure.

1.13   Government senators disagree with the contention of the majority report that unsuccessful projects indicate a broader systemic issue. Mr Ian Brightwell[10] contended that the APS does not manage expectations by addressing the inevitability that there will be failures as part of the process of innovation and added that there needs to be a consensus as to what constitutes "acceptable failure". The government senators consider that the majority report is a clear manifestation of this point and behaviour.

1.14   While any failure is regrettable and should be addressed as soon as possible, it must be highlighted that over the period of this government, there have been hundreds, if not thousands of digital projects, both large and small, funded by the government that have been delivered successfully. For example:

- SmartGates (Department of Home Affairs) cleared 24.2 million people in 2016–17, up from 6.8 million in 2014–15. Installation of new SmartGates

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8   Dr Nick Tate, Vice-President, Memberships Boards, Australian Computer Society, *Committee Hansard,* 14 May 2018, p. 31.

9   Mr Paul Shetler, *Committee Hansard,* 14 May 2018, p. 20–21.

10   Ian Brightwell, *Submission 17*, p. 5.

technology will allow 90 per cent of travellers to self-process at the border, cutting processing time to as little as 15 seconds;[11]

- A virtual assistant named Alex is providing better self-service capability at the Australian Taxation Office and IP Australia. As of 1 March 2018, Alex had more than 2.5 million conversations with ATO clients, resolving 88 per cent of issues on first contact;[12]

- The myTax service allows people to quickly and easily lodge tax returns online with information pre-filled from employers, banks and government agencies. Ninety-eight per cent of all individual incomes tax returns are now lodged electronically and 95 per cent of individual returns are assessed and processed without human intervention;[13]

- IP Australia has increased digital self-service adoption from 12 per cent to more than 99 per cent for more than 850 000 customer service requests, reducing calls by 15 per cent.[14]

1.15   Within this context of successful delivery, the very few examples handpicked by the committee represent very much isolated unfortunate exceptions against a background of high performance in the delivery of digital solutions.

1.16   Government senators consider that there is merit for a proposed separation of the roles of Chief Information Office (CIO) and Chief Information Security Officer (CISO) and the need for the CIO to be a member of a government department's executive decision-making body. Mr Ian Brightwell identified that the executive's decision-making process is vulnerable to poor judgement where the distinctly different functions of the CIO and CISO are combined.[15]

1.17   However, government senators consider these issues should be considered as part of the Thodey Review, which the government announced on 4 May 2018. The Thodey Review, which is to report in 2019, is tasked with examining the capability,

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11   Hon Peter Dutton, MP, Minister for Home Affairs and Minister for Immigration and Border Protection, *Completion of departures SmartGate roll-out,* Media Release, Thursday, 25 August 2016 available at: http://minister.homeaffairs.gov.au/peterdutton/Pages/Completion-of-departures-SmartGate-roll-out.aspx (accessed 27 June 2018).

12   Australian Taxation Office, *Introducing Alex, our new web assistant,* 15 September 2015, available at: https://beta.ato.gov.au/Tests/Introducing-Alex--our-new-web-assistant (accessed 27 June 2018).

13   Australian Taxation Officer, *MyTax replaces e-tax,* https://www.ato.gov.au/Individuals/Lodging-your-tax-return/In-detail/MyTax-replaces-e-tax/ (accessed 27 June 2018).

14   IP Australia, *Further recognition for Alex,* 22 September 2017, available at: https://www.ipaustralia.gov.au/about-us/news-and-community/news/further-recognition-alex (accessed 27 June 2018).

15   Mr Ian Brightwell, *Committee Hansard*, 14 May 2017, p. 9.

culture and operating model of the APS to ensure it is fit for purpose.[16] The findings of this review will be important as the APS drives policy and service implementation and uses technology and data to deliver programs and services for the Australian community.

1.18   The government's Digital Transformation Strategy—to be developed by the DTA—will operate in parallel to the Thodey Review by addressing the government's resourcing, infrastructure and business models to allow the government to engage with new technologies, and to challenge the current approach to service delivery within the APS.[17]

1.19   Government senators are of the view that the systemic issues of a general marketplace shortage of ICT skills and the executive role of a CIO should also be considered in the wider context of the government's revitalisation of the APS, which has not been reviewed since the Royal Commission on Australian Government Administration which reported in 1976 (the H.C. Coombs report).[18]

Common platforms and procurement

1.20   Government senators agree with the majority report in respect to the need for the development of common digital platforms for the delivery of government services for standardised information and standard circumstances. Government senators also concur with the majority report's view that government procurement policies and practices should be open to small and medium business enterprises (SME).

1.21   Government senators disagree with the contention of the majority report that outsourcing of ICT goods and services has eroded the competence or capability of the APS to undertake government procurement. Mr Martin Stewart-Weeks made the point that the procurement process itself is 'about as undigital as you could possibly hope for'.[19] Mr Shetler observed that the business case funding approach to procurement 'does not do "agile" very well'.[20] SCOA Australia observed that outsourcing had been undertaken to dramatically improve the technical ICT skills available to government departments, despite the later poaching of APS ICT staff by vendors.[21] The evidence poses a more subtle set of circumstances than outsourcing of ICT goods and services being the cause of the APS' loss of capability. The evidence is equally open to the

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16   Hon Malcolm Turnbull, Prime Minister, *Review of the Australian Public Service*, Media Release, 4 May 2018, available at: https://www.pm.gov.au/media/review-australian-public-service (accessed 15 June 2018).

17   Hon Michael Keenan, MP, Address to the Australian Information Industry Association, *Delivering Australia's digital future,* media release, 13 June 2018, P. 3. available at: https://ministers.pmc.gov.au/keenan/2018/delivering-australias-digital-future (accessed 14 June 2018).

18   Royal Commission on Australian Government Administration report, H.C. Coombs, 30 August 1976, available at: http://apo.org.au/node/34221 (accessed on 18 June 2018).

19   Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 2.

20   Mr Paul Shetler, *Committee Hansard,* 14 March 2018, p. 22.

21   SCOA Australia, *Submission 2,* p. 1.

view that the APS has not been responsive or proactive in responding to a rapidly changing technological environment, and hence the need to modernise the APS.

1.22   In fact, the government has been proactive in regards to procurement and already addressed the concerns of the majority through the implementation of a number of initiatives aimed to address a range of procurement issues:

- A Digital Sourcing Framework to provide a set of principles to achieve a fair, effective and efficient ICT procurement process, including the use of open standards and cloud first approaches, as well as preventing platform duplication;

- Consultation has commenced on a new Portfolio Panel Policy with the aim of removing some of the burdens on industry sellers to government. It will focus on reducing the current number of panels and simplifying the process to join a panel thereby encouraging more opportunities for collaboration and co-design with buyers and sellers;

- The government has in place a Capped Term and Value Policy which limits major ICT expenditure to not exceed $100 million per contract or a three-year initial term. The policy addresses the fact that ten ICT vendors accounted for 43 per cent of the dollar value of the government ICT expenditure. The capping on value allows SMEs to engage more directly as the prime contractor the government ICT purchase contracts rather than as sub-contractors;

- A Fair Criteria Policy will provide guidance across the end-to-end procurement process that buyers and sellers must undertake. The policy will include considerations such as insurance, liability, security and financial criteria. The aim of the policy is to even the playing field for sellers of all sizes, and encourage competition.

- The Digital Marketplace that connects small business with government buyers has transacted over $151m of business, with over 70% going to SMEs. The Digital Marketplace will continue to be updated and a new Training Marketplace capability will be added to give government buyers more focus and flexibility to source the training and development expertise they need from the marketplace.[22]

The Digital Transformation Agency

1.23   The majority report has incorrectly concluded that the DTA has no purpose or responsibility under its current remit. Nothing could be further from the truth. Government senators consider the position taken by the majority to be outmoded and reminiscent of a time when power was centralised in the central agencies—as Mr Paul

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22   The Hon. Michael Keenan, MP, Address to the Australian Information Industry Association, *Delivering Australia's digital future,* media release, 13 June 2018, available at: https://ministers.pmc.gov.au/keenan/2018/delivering-australias-digital-future (accessed 14 June 2018).

Waller observed, institutionally there is much vested in the status quo.[23] The government's decision to establish the DTA reflects the need to shift thinking to a new paradigm.

1.24   Government senators consider the DTA to be achieving exactly that which it was intended to achieve at every stage of its mandate. The DTA is the government's lead agency for the digital transformation of government administration. It has a whole-of-government focus for the development of strategy, policies and guidelines to assist departments and agencies to undertake digital transformation.

1.25   Responsibility and accountability for delivering the digital transformation agenda is properly the role of all departments and agencies across the government. Their role is an integral part of the legislative framework accountability of the APS, including the *Public Governance and Accountability Act 2013* and the portfolio legislation administered by a department of agency for the delivery of solutions and services to citizens and business.

1.26   As part of its role, the DTA deliberately presents a different business model to the traditional APS hierarchical and bureaucratised approach. The DTA takes a collaborative and persuasive approach to change and innovation. This model is designed to attract a new generation and new approach to the business of government, aligned with Australia's future in a digital world.

1.27   In that sense, government senators believe that the DTA is taking a new approach that requires new thinking and organisational flexibility to find the best way for government to make the transformation to a digital future.

Senator James Paterson   **Senator Amanda Stoker**

Deputy Chair   **Senator for Queensland**

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23   Mr Paul Waller, researcher, *Committee Hansard,* 14 March 2018, p. 4.