

Senate Standing Committees on Finance and Public Administration

The current capability of the Australian Public Service (APS)

PUBLIC HEARING 20 JULY 2021

ANSWER TO QUESTION ON NOTICE

Social Services Portfolio
Services Australia

Topic: IT system spend

Question reference number: IQ21-000084

Member: Tim Ayres

Type of question: Spoken. Hansard Page/s: 51

Date set by the committee for the return of answer: 10 August 2021

Question:

CHAIR: The Thodey review found that the APS has underinvested in digital services and 78 per cent of its digital spend is in running old systems, which is more than for comparable large private sector organisations. Where does Services Australia's spending sit? How much of that is legacy programs and how much of it is in investment in new capability?

Mr McHardie: So, in some ways, we are somewhat different to many of the other federal government agencies because of that ongoing—

CHAIR: Because of the shared services?

Mr McHardie: It is not only shared services; it is also the piece around ongoing software development work. We are writing new code all of the time, some of it in legacy systems. But if you look at our cost breakdown for fiscal year 2020-21—this is just for the core technology services group—out of an overall budget of \$1.395 billion, just on a billion of that is on operating expenditure, with \$369 million in capital. A lot of it is keeping the lights on. When I say 'keeping the lights on', that is not only keeping the lights on as far as hardcore infrastructure is concerned—physical servers, data centres, networks—but it's also looking after the corporate applications that our staff use day in, day out. It's also looking after all of those large transactional processing systems that I talked about as well. It's right across that spectrum. We generate own-source income of approximately \$138 million a year from our shared service offerings. You heard some of that from DVA this morning. We do generate income into the agency as well through our shared service offerings.

CHAIR: Would you be able to set that out over the last three years that we have been talking about, the capital spend versus the recurrent spend? It would also help, I think, if you're able to set out how much. That's entirely money going out the door, whether it's recurrent or capital. That figure that you used doesn't reflect recurrent spending internally on ICT, does it?

Mr McHardie: No, that is all of it.

CHAIR: Would you be able to split that out for me in a way that sort of sets that out clearly?

Mr McHardie: We could take that on notice.

Answer:

Over the last three financial years, Services Australia has spent the following on Information Technology systems and services, inclusive of capital expenditure.

Table: Services Australia ICT spend split by category

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Operating			
Major Programmes	262.5	134.4	124.1
Legislative Projects		47.2	99.1
Sustainment Operating	796.6	871.0	849.6
Total Operating	1,059.1	1,052.6	1,072.8
Capital			
Major Programmes	189.4	155.7	206.4
Legislative Projects		16.9	56.1
Sustainment Capital	102.7	301.4	151.4
Total Capital	292.1	473.9	413.9
Total ICT Expenditure	1,351.2	1,526.6	1,486.7
Shared Services Income (ICT)		121.1	127.3