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12 April 2024

Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
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Canberra ACT 2600

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

Thank you for the opportunity to provide a submission to the Joint Committee of Public Accounts and Audit's inquiry into these matters.

ACS is Australia's leading professional association for the information and communications technology sector. We proudly represent a thriving community of more than 47,000 members across the nation's states and territories. Our members span every sector of the economy, putting ACS in a unique position to provide insight into Australia's workforce and skills development landscape.

ACS works to accelerate the growth of a highly skilled tech sector, supporting the development of a diverse and growing workforce by:

☐ Fostering an innovative and inclusive community dedicated to powering positive change through technology.
☐ Setting the standard for assessing, developing and recognising the skills and experience of technology professionals.
☐ Creating career pathways to guide technology professionals, securing a talent pipeline for our dynamic industry.
☐ Assessing and supporting technology-skilled migrants, addressing critical skills shortages for industry while we build a more diverse and skilled domestic workforce.

ACS would be delighted to provide more information to the Committee on any aspect of our submission. Please feel free to contact me by email at ███████████████████████████████ ██████

Yours sincerely

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Troy Steer
Director of Policy, Advocacy and Communications
Australian Computer Society

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**ACS submission to the Joint Committee of Public Accounts and Audit
inquiry into the failed visa privatisation process and the implementation of other public sector IT
procurements and projects**

Whether optimising operational efficiencies through data analytics or developing innovative solutions to meet consumer demands, the IT profession underpins many modern business operations and the delivery of government services in every jurisdiction. The demand for skilled IT professionals will only intensify as technology and society evolve.

However, Australia faces a significant challenge in meeting this demand. A lack of the right digital skills cost Australian businesses $3.1 billion annually, which could top $16 billion by 2030.

The pace of technology investment in Australia is projected to skyrocket from $171 billion in 2023 to $259 billion by 2030 – a growth rate three times faster than overall business investment[1]. By the decade's end, half of Australian businesses will use AI, data analytics, and robotics.

This submission identifies significant and valuable opportunities that the inquiry might consider in formulating its report and any recommendations.

Digital skills and IT capabilities are critical enablers for the Australian economy and the Australian Public Service.

Like most countries, Australia is approaching a seismic shift as critical and emerging technologies upend business as usual for organisations and governments alike.

Already facing a shortage of IT-skilled professionals to meet current workforce demand, we are now facing digital disruption that ACS predicts will affect 95 per cent of the Australian workforce. AI, robotics, advanced data analytics, virtual worlds, additive manufacturing, and advanced communications will seriously impact existing roles and responsibilities.

Without a major capability uplift across the public and private sector workforces, our modelling suggests the tech skills gap will cost the Australian economy $16 billion annually by 2030[2].

Given its role as a significant employer of IT professionals and one of the largest purchasers of IT resources, the Australian Public Service (APS) holds a pivotal position in shaping the nation's IT workforce.

By implementing strategic policies to facilitate a **digital skill capability uplift** (both within the APS and across the Australian workforce more generally), **strengthening collaboration** between industry and educational institutions, and **prioritising a skills-first approach** government can help bridge the skills gap and ensure Australia remains competitive in the digital age.

Commonwealth IT project failures are costly, too frequent, and often caused by known factors.

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[1] *ACS Australia's Digital Pulse 2023*. Available at https://www.acs.org.au/insightsandpublications/reports-publications/digital-pulse-2023.html
[2] Ibid

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The reports this inquiry has considered demonstrate the significant financial impact of failed and abandoned IT projects. It's important to note that the Commonwealth APS is not alone in the challenges it has experienced in delivering successful IT and change management projects. Governments and companies worldwide have recorded billions of dollars in wasted funding from IT infrastructure and service delivery projects that were not successfully managed and implemented.

The Auditor-General's findings suggest that sub-optimal management and governance of IT projects include poor project planning from the outset, such as failures to "clearly define the scope and user requirements" that lead to "a significant increase in costs and multiple delays"[3].

Evidence suggests that the APS has historically encountered challenges in managing and delivering large-scale IT projects due to:

·   gaps in IT skills and expertise, as well as gaps in procurement and project management skills within the commissioning agency
·   challenges in monitoring and managing third-party resources and ensuring the requisite skills exist for successful project completion.

When there is a shortfall in tech and digital capability at an agency's senior management and leadership levels, projects may face complexities such as budget overruns, delays, or difficulties in meeting stakeholder expectations.

Similar obstacles can occur when external providers engaged under procurement processes and contracts are not familiar with government and public sector requirements. There are also challenges associated with resourcing transparency, where the skill levels requested by the commissioning agency are subject to resource substitution by the contracted supplier.

The audit reports also highlight risks associated with outsourcing expertise to third-party providers to compensate for missing skills within the commissioning agency. It is worth noting that effective oversight of project progress, compliance, and probity requires significant in-house capabilities that do not specifically relate to project management methodologies.

Instead, agency project leads should possess a solid understanding of the project's high-level technical parameters and sound general and financial management capabilities to ensure maximum value is being achieved from the use of public monies. Skills critical for APS project leads include procurement experience, risk management, stakeholder management and engagement, financial management, and general management skills.

But, as the Community and Public Sector Union (CPSU) highlighted in its submission to this inquiry's original terms of reference, consistently outsourcing major work to external providers is a missed opportunity to build skills and capabilities within the APS[4]. Enhancing the APS's ability to design, procure, develop, and deliver successful IT projects requires an approach that emphasises the right mix of skills between the procuring agency and the contracted parties.

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[3] Auditor-General Report into the Administration of the Parliamentary Expenses Management System. Available at https://www.anao.gov.au/work/performance-audit/administration-the-parliamentary-expenses-management-system
[4] CPSU submission to the Inquiry into the Procurement of the Permissions Capability. Available at https://www.aph.gov.au/DocumentStore.ashx?id=47763521-8e89-40c8-b9f1-6ce74c5d6430&subId=752438 [PDF]

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Developing a comprehensive digital and management skill profile of the APS across all roles will enable the assignment of appropriately skilled personnel to procurement activities and project teams. The first stage might focus on mapping the skills and capabilities of employees directly employed in technical roles and senior managers and directors responsible for delivering digital services to the Australian people. It could then be broadened to provide a comprehensive picture of the digital capabilities already within the APS workforce and the gaps that might need addressing through upskilling, reskilling, or outsourcing.

The Skills Framework for the Information Age (SFIA) delivers a framework for a consistent description of employees' capabilities. SFIA considers demonstrated levels of responsibility and serves as a measure of real-world ability beyond training certification. SFIA can map the expected skillsets of both roles and workers. Employees may have their skills certified and credentialed in the form of a digital badge to appear on their resume or social media profiles (e.g. LinkedIn) so recruiters and hiring managers can immediately see the certified capabilities of potential staff.

Alongside resource planning and development benefits, standardising digital skills mapping and credentialing across the APS has downstream benefits, such as making hiring processes more efficient and elevating professionalism within the sector.

Skills mapping may also assist with procurement design and decision-making by better aligning contracted resources with an agency's internal capabilities. This mitigates the risk of contracting unnecessary or inadequately skilled resources.

It should be noted that SFIA is most effective when it is applied consistently. ACS understands that many Commonwealth entities map digital skills, including through SFIA, but the application of skills mapping varies from agency to agency. Standardising and deploying a skills mapping framework (whether SFIA or another model) across APS agencies will deliver positive outcomes for individuals, projects, and agencies.

We also understand that while some APS agencies require contractors to use skills mapping frameworks like SFIA, the requirement is not universal. This is likely to lead to scenarios in which a contractor offers to provide personnel that meet a certain skill standard in the tendering stage but then supplies workers below that level (for example, the tender documentation may have specified a SFIA level 6 resource, but the contractor allocates a SFIA level 5). Ensuring a consistent approach to digital skills mapping and resource management may help mitigate the risk of the Commonwealth paying above market rates for some ICT-related services.

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A digital capability uplift within the APS, facilitated by the DTA, will deliver a more capable and responsive workforce, better services for the Australian people, more successful project outcomes and improved financial management.

The digital and management skill mapping activity ACS has suggested could inform and facilitate a comprehensive digital capability uplift within the APS, positioning the workforce for the coming challenges of new and disruptive tech and ensuring the Government can deliver better outcomes through innovative digital services.

The Digital Transformation Agency could facilitate and enhance sector-wide digital capabilities by establishing a dedicated Workforce Transformation Team. This team would be responsible for various tasks, including assessing the current digital skills within the APS, identifying areas for improvement, and developing and implementing a comprehensive workforce transformation program. The goal would be to equip APS personnel across all agencies with the necessary digital, technical, and managerial skills to effectively manage and execute IT and digital projects in an ever-evolving digital landscape, leveraging the potential of AI and disruptive technologies.

The Digital Transformation Agency and the APS's early steps in recognising and professionalising the talents of the public service's digital workforce – including through the Digital Profession, which provides valuable networking and learning opportunities for its members – shows great promise and offer a solid foundation for growth.

ACS welcomes further discussions with the APS about how we can support the growth and development of the IT profession in government, taking this commitment to the next stage by upskilling the APS workforce to better fit the needs of an advanced 21st-century workforce.

Thank you for the opportunity to contribute to this important Inquiry. We also look forward to the committee's report and to continuing our support for the APS as it builds a strong and capable workforce, delivering IT projects that contribute to Australia's economic and social well-being.