

Department of Finance

Response to Question on Notice

SENATE FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

Inquiry into the current capability of the Australian Public Service Hearing of Friday, 5 March 2021

Question on Notice 1 (Proof Hansard page 20-21) Finance role in ICT cap

CHAIR: I'm still trying to get to the bottom of it. The DTA's procurement taskforce said: 'The taskforce recommends setting annual targets for ICT procurement. An initial set of annual targets could comprise'—and then they go through a series of things. I won't read them all, but the first one is 'an annual, whole-of-government cap on internal and external ICT spending, with a target to reduce total annual ICT spending by 10 per cent over the next four years,' and 'metrics on the quantum and timing of benefits realisation for all significant ICT projects'.

...

CHAIR: The government responded in 2017 that it would implement the cap, but we're not in a position to describe whether that's—well, it's not government policy now?

Mr Williamson: I think it's probably best if we take this on notice. I'm not aware of that, and I'm not aware of us having a direct involvement in it. But I'm happy to take it on notice and come back to the committee with any role that Finance has had in that particular part of the review.

CHAIR: It's one of the issues that I'm concerned about in terms of the overall ICT position. You've got the agency adopting a sort of task force position in 2017. DTA produces a report which is accepted by government, which specifically says, 'We're going to do this thing,' but that does require an interagency commitment to deliver a cap. It's no good if DTA determines that, and Finance hasn't—because it's you who have to implement it.

Mr Yannopoulos: That's right.

CHAIR: So Finance hasn't had a role in implementing that? The fairest way of putting it to you is there hasn't been a Finance role in implementing that task force recommendation.

Mr Yannopoulos: To my knowledge—

CHAIR: And you'll take it on notice.

Mr Williamson: We'll take it on notice to confirm.

Response

The Digital Transformation Agency (DTA) led the development and implementation of the whole-of-government ICT Contract Capped Term and Value Policy (the Policy) that came into effect from 23 August 2017. The DTA consulted Finance on the Policy's interaction with the Commonwealth Procurement Rules and the Resource Management Framework.

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Inquiry into the current capability of the Australian Public Service Hearing of Friday, 5 March 2021

Question on Notice 2 (Proof Hansard page 21-22) ICT spending since 2017

CHAIR: What has happened with overall ICT spending since 2017?

Mr Yannopoulos: I would say we don't collect a set of aggregates that specifically answer that question. I'm happy to take that on notice to see what I can get you directly. But I would say—and I heard PM&C's evidence this morning—that the government has continued to invest around \$1½ billion in new project money in each of the budgets. So in each budget update there is substantial ICT investment occurring.

CHAIR: They said \$70 billion over a decade—circa \$7 billion a year.

Mr Yannopoulos: Yes.

CHAIR: Presumably, if you're saying \$1½ billion is new—

Mr Yannopoulos: Is new.

CHAIR: there's a sort of stepping through a constant amount of \$7 billion. Some projects, presumably, take some years.

Mr Yannopoulos: Yes.

CHAIR: And there's \$1½ billion overall.

Mr Yannopoulos: What I'd like to do is—

CHAIR: Those are the kinds of figures that I could understand colloquially. But, over the four years, ICT spending by the government year-on-year—you'd be in a position to provide that on notice?

Mr Yannopoulos: I think we would be able to get something that's pretty good, noting that at this stage, as I think I said, there's no overall data collection process. That is what is going on now. I think you said that, years ago—I can't remember when it ceased—there was the ICT benchmarking that gave us good, low-level fidelity.

Response

There is no central data collection process related to ICT expenditure across government. Finance ceased ICT benchmarking in 2015-16 when responsibility for this formally transferred to the Digital Transformation Agency (DTA). The Chief Executive Officer of the DTA, Randall Brugeaud, advised on 5 March 2021 in his testimony to the Senate's Finance and Public Administration Reference Committee's Inquiry into the Current Capability of the Australian Public Service that the DTA's upcoming Digital Review will provide the basis for a comprehensive and regular review of digital and ICT spend.

While ICT expenditure is captured in the General Government Financial Statements, it is not in a form that can be disaggregated. This is because ICT expenditure relates to a number of account categories. Total asset values for software are reported separately in Note 15: Non-financial assets in Statement 10 of Budget Paper No. 1.

Finance has collated the additional ICT investment published in measures at each Budget round. This does not include baseline ICT expenditure.

**Table 1: Commonwealth ICT Investment through measures
(over the forward estimates)**

| Budget/MYEFO round | ICT investment committed through measures (\$ million) |
|---------------------------|---|
| 2017-18 | 1,515 |
| 2018-19 | 1,419 |
| 2019-20 | 1,503 |
| 2020-21 | 3,305 |
| Total | 7,742 |

Note:

- Table 1 has been derived from cost for the measure contained in the Budget and MYEFO rounds for that financial year. Estimated ICT expenditure relates to all forward estimates years for the measure.
- Table 1 includes the funding at the time of the measure and does not reflect actual ICT expenditure.
- Table 1 does not reflect any offsets related to the measures.

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SENATE FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

Inquiry into the current capability of the Australian Public Service

Hearing of Friday, 5 March 2021

Question on Notice 3 (Proof Hansard page 24)

Number of Gateway reviews undertaken for ICT projects

Mr Williamson: There is certainly, as I said, the gateway process. That is an assurance process that looks at different gates along for high-risk and complex projects, particularly ICT. So we have that involvement there.

CHAIR: Sorry to interrupt, but that's the same as all the other projects. There's not a different focus on the ICT area and that's really with—I anticipate you'll say—the agency. Is that right?

Mr Williamson: Yes. But the overwhelming—and I can get the stats—number of gateway reviews are actually undertaken on ICT projects.

Response

Thirty-five projects and programs are subject to the Gateway Review process as at 5 March 2021. Of these 35 projects/programs, 29 are ICT-enabled.

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Inquiry into the current capability of the Australian Public Service Hearing of Friday, 5 March 2021

Question on Notice 5 (Proof Hansard page 28)

Senator CHANDLER: You've basically got two alternative entry pathways, don't you? There's what I'll call the traditional one, where you go to university, apply for the APS grad program and go in that way. Or, if you've finished year 12, you want to get out into the workforce and you want to develop some practical skills, you can do this Career Starter Program and get those skills on the ground and, notwithstanding the fact that you put them through a cert IV, if higher ed is something they want to do later down the track, they can.

Mr Scott: Yes, because not everyone is ready to commit to university when they finish school.

Senator CHANDLER: Yes, absolutely.

Mr Scott: That's why we're trying to look at different, innovative ways of doing it. In two, three or five years time, they might want to move into those other qualifications, and we see real benefit to that.

Senator CHANDLER: So you've run that program, relevant to your department, since 2006, and it's recently been picked up by other government departments.

Mr Scott: Yes. In 2019, we also had other agencies participating with us.

Senator CHANDLER: Which other agencies?

Mr Scott: I will have to take that on notice.

Response

The following agencies have participated in the Career Starter Program since 2019:

| | |
|-------------|--|
| 2021 | 10 - Participating Agencies |
| | Department of Agriculture, Water and the Environment |
| | Department of Defence |
| | Department of Education, Skills and Employment |
| | Department of Finance |
| | Department of Health |
| | Department of Industry, Science, Energy and Resources |
| | Department of Infrastructure, Transport, Regional Development and Communications |
| | Department of Veterans' Affairs |
| | National Indigenous Australians Agency |
| | Services Australia |
| 2020 | 10 - Participating Agencies |
| | Department of Agriculture, Water and the Environment |
| | Department of Defence |
| | Department of Education, Skills & Employment |
| | Department of Finance |
| | Department of Health |
| | Department of Industry, Science, Energy and Resources |
| | Department of Infrastructure, Transport, Regional Development and Communications |
| | Department of Veterans' Affairs |
| | National Indigenous Australians Agency |
| | The Treasury |
| 2019 | 6 - Participating Agencies |
| | Department of Defence |
| | Department of Education, Skills & Employment |
| | Department of Finance |
| | Department of Health |
| | Department of Industry, Science, Energy and Resources |
| | Department of Infrastructure, Transport, Cites and Regional Development |