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INFOSYS' RESPONSE TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT:

Inquiry into the use and governance of artificial intelligence systems by public sector entities

Infosys welcomes the opportunity to provide a submission to the Joint Committee's inquiry into the *use and governance of artificial intelligence (AI) systems by public sector entities*.

Infosys supports any efforts to advance the interests of Australian citizens through the responsible use of AI in the delivery of public services. Governed correctly, this technology has the potential to keep people safe, drive down costs, improve social outcomes and increase quality of life.

We congratulate the Committee for holding this inquiry, particularly given the ever more competitive environment – both economically and geopolitically – in which AI is discussed.

Based on our experience with Australian and international public procurement processes and our work with SMEs and the broader Australian tech sector, we are pleased to provide our response to the Committee's inquiry for consideration.

Australia's AI industry in context

The technology industry represented 8.5% of Australia's GDP in 2021[1], a percentage that is set to increase year-on-year for the foreseeable future. Furthermore, the country's role in driving the uptake of transformative technologies continues to increase, with its AI readiness ranking rising to 12th globally.

This momentum is underpinned by the many advantages Australia enjoys when developing and deploying innovative technology within its economy. Not least of these is its highly educated workforce within a mature services-based economy, complemented by highly developed national infrastructure and a broad political consensus on the importance of driving ethical innovation.

Regarding AI specifically, Oxford Insights' data (see Figure 1) demonstrates one area of comparative weakness that has the potential to stunt the country's otherwise impressive growth in this market. Despite outstanding conditions for growth, the maturity of AI solutions deployed in the Australian market lags other metrics. Infosys, as a large IT Services business developing such solutions – including in our Australian innovation centres – is working to fill that gap.

However, the growth of entrepreneurship and the success of Australian based SMEs in these sectors will be crucial to filling this gap on a sustainable basis. In short, Australia must seek to convert its many economic advantages into a greater number of commercial success stories.

Taking this important context into account, and with respect to the inquiry's terms of reference, Infosys envisages a critical role for Government in the adoption and exploitation of AI's advantages to citizens, and this includes the adoption of AI itself.

Figure 1: AI Readiness Index – Australia's global ranking

[1] *Our launch promise: to deliver one million tech workers by 2025*, Technology Council of Australia

Source: Oxford Insights

Recognising the difference between 'bias free' and 'ethical' AI

Infosys is often approached by its clients – private and public – to develop AI based solutions that are 'free of bias'. It is important to recognise that such requests are impossible to fulfil.

Every aspect of human life entrenches biases of various forms, many of which are intrinsic to good order and the basic functioning of a society. Indeed, a bias towards fairness over expediency would, in most societies, be considered a positive ethical outcome. While these propensities are not often 'felt' as they are so intrinsic to our respective cultures, they are, nonetheless, biases. AI models do not benefit from this moral and ethical context and cannot make such determinations without the **human input of such positive biases** through training or other technical measures[2].

Without proper guidance, training can lead to unintended biases and harmful outcomes, as seen in high-profile cases where early AI chatbots made offensive and discriminatory remarks to users.

Thus, as we deploy ethical AI for our clients, we introduce positive biases based on their culture, regulation, transparency, laws and demographic objectivity. Building this approach to the deployment of AI is often the first step on our client's journey with the technology and this is overseen by our dedicated Office of Responsible AI[3].

The Role of the Public Sector in AI

A critical source of ethical boundaries for AI remains government. The debate over AI regulation is ongoing. While some argue that regulations hinder progress, the consensus is that lack of regulation could lead to disastrous outcomes, such as discriminatory decision-making or privacy breaches.

As governments continue developing legislation to protect citizens from the negative impacts of AI, while maximising its benefits, they can also shape the technology's evolution by how they implement it within public services.

One example of good practice can be found within the European Union's Artificial Intelligence Act *(*EU AI Act). This legislation seeks to grant greater freedoms to the state over other users of AI in areas

[2] *Why we need biased AI: How including cognitive and ethical machine biases can enhance AI systems*, Dr Sarah Fabi and Dr. Thilo Hagendorff, University of Tuebingen.
[3] *Responsible AI for ethical excellence*, Infosys Knowledge Institute.

including biometric ID, where national security is a consideration[4]. However, the EU also seeks to balance these additional state freedoms by limiting their scope.

For example, the exclusion of national security from the EU AI Act only applies where AI technologies are used exclusively for national security. In any dual-use cases where an AI system is also deployed for civilian, humanitarian, law enforcement, or public security purposes, the AI Act and its various privacy protections will still apply.

Similar protections already exist in Australian law and are being expanded, such as the amended Privacy Act. Non-legislative guidance also applies to government operations, such as the Victorian Information Commissioner's directive prohibiting VPS staff from entering personal data into ChatGPT[5].

However, recent political discourse on AI has had limited reference to the Government's direct use of the technology. It may be helpful to inform citizens about how the government plans to use AI in its operations and what limitations it considers appropriate, especially where these are not already defined in existing laws.

Clarifying this would allow for a better understanding of the technology and quell unwarranted fear among the public around the most extreme AI use cases.

In lieu of an over-arching legislative framework akin to the EU AI Act, Government could also consider leveraging its commercial influence by mandating the use of its AI Ethics Principles[6] (updated and amended) as a compulsory feature of IT public procurement. However, Infosys would only favour this approach if it were limited to those procurements where AI formed a material component of the services being delivered.

The Government could go further by strengthening the scope and significance of its Ethics Principles, encouraging proactive commitments from larger businesses, similar to the EU AI Pact[7], which Infosys signed earlier this year.

The Role of AI in the Public Sector

We outline several use cases for AI (other than for national security or defence purpose) later in this document. However, as good as these case studies are, they remain too few in number and too small in scope given the size of the opportunity presented.

There are several concerns that have given rise to this outcome, none of which are unique to Australia. These include:

1) Privacy and transparency
2) Bias and discrimination
3) Job security
4) Cyber-security

Despite these valid yet addressable concerns, there remains one fundamental disconnect between policy making, public services and AI that is too often overlooked: familiarity.

Almost all within Government acknowledge that AI has the *potential* to transform public services for the

[4] *Artificial Intelligence – Questions and Answers*, European Commission.
[5] *Public Statement: Use of personal information with ChatGPT*, Office of the Victorian Information Commissioner
[6] *Australia's AI Ethics Principles*, Department of Industry, Science and Resources
[7] *Over a hundred companies sign EU AI Pact pledges to drive trustworthy and safe AI development*, European Commission

better. Yet very few understand the technology sufficiently to define how AI can achieve this goal in practice.

The Digital Transformation Agency (DTA) and the Department of Industry, Science and Resources (DISR) benefit from world leading AI experts within their ranks but such knowledge is concentrated in too few people with remits too narrowly drawn to effect transformative change across all public services.

Infosys believes that democratising AI through widescale training and upskilling is essential across the entire Australian economy, beginning with the civil service. In creating a higher baseline understanding of the technology across all policy and delivery areas, the expert knowledge in key social and policy areas can be applied to AI, unlocking the imagination and innovation found across the Government departments and agencies. This would have the simultaneous impact of moving many fundamental social problems out of the 'too hard box' while creating the most AI aware Government in the world, with all the economic opportunities this might unlock. An additional benefit will be an emerging AI legislative framework that is better informed by the wider participation of policy makers across Government, leading to improved economic outcomes for Australia.

This training does not need to be deeply technical for most officials, but by increasing familiarity with the features of the technology, as well as its strengths and weaknesses, we will equip the state with the ability to build AI public sector use case far faster than industry alone could achieve.

It is for this reason that Infosys was delighted to see the DTA developing the AI Fundamentals courses for agencies[8]. This is a considerable downpayment on realising the full potential of AI within Government. However, we believe the Government should go further and develop a Government AI Curriculum that will equip Australia to exploit the full benefits of technology for its citizens.

Infosys was a driving force behind India's IT miracle at the turn of the century – a legacy that continues through its relentless focus on continuous learning among its workforce. With the world's largest corporate university based in Mysore, we are currently in the process of training 40,000 staff members in generative AI and aspire to go further still[9].

Infosys has taken a similar approach in the United Kingdom. Partnering with Open University, the largest in the UK, we are developing a curriculum for the UK Government tailored to different roles and seniority, offering academic accreditations where appropriate.

We are currently exploring future partnerships with Australian universities to develop a similar program and would welcome an opportunity to discuss this opportunity with the committee and the Government.

Case study 1: Welfare payments in the UK

Australians are familiar with the problems of automated decision-making within government welfare programs through the Robodebt scandal. The UK's Department of Work and Pensions faced a similar issue recently with their use of AI to detect and respond to welfare fraud and overpayments.

The UK Government welfare bill stands at 24.9% of the country's national budget and 11% of GDP. In dispensing these payments, fraud and error overpayments equaling £9.7bn was recorded in 2024, a figure that has remained stubbornly high over the past decade. Although a smaller number, the damaging impact on society of underpayments has also reached £1.1bn.

The social and political implications for these losses of public funds are considerable but previous

[8] *Artificial intelligence in government*, Digital Transformation Agency
[9] *About Infosys Mysore Campus*

efforts to reduce them have proven fruitless.

In the area of fraud in particular, the Department of Work and Pensions (DWP) is increasingly relying on AI to identify high risk accounts for review. The scope of such work in the department is considerable and several IT providers have worked with the Government to facilitate its adoption.

However, much like the 'Robodebt' scandal in Australia was driven by automation and machine-learning errors, the deployment of the AI systems in the UK has proven to be highly controversial, with widespread accusations of bias and false positives. The Government ended its practice of suspending benefit payments without human review after a considerable backlash and reports of widescale deprivation resulting purely from an algorithmic, and often coincidental correlation.

While the intention to reduce fraud and error was a laudable one, and the technology itself was effective in highlighting anomalies, the department became over reliant on a technology that was best suited to assisting and accelerating human decision-making; not replacing it.

In addition, the alleged biases that emerged from the operation of the system demonstrates a sub-optimal allocation of effort on technology at the expense of governance.

Those familiar with the issues that caused the Robodebt scandal will recognise many of the same types of problems the UK's DWP discovered.

While these lessons are now being applied at scale within the DWP, who continue to embrace the technology with increasing enthusiasm, the Australian Government has the opportunity to learn from the UK's mistakes, as it also learns from the mistakes of Robodebt, to ensure any use of AI in the welfare system does not harm the very people it is supposed to support.

The Infosys Responsible AI approach, for example, strongly emphasises governance and a values-based approach to AI long-before any code is written or any algorithms deployed; frontloading investment into securing ethical and balanced AI is essential to its successful deployment in the public sector.

Case study 2: Training a team in an overseas Government Department on the mechanics of AI ethics

Infosys is working with a key department within a foreign government to train the team on the ethical use of AI. This team interacts with AI businesses and has a policy focus in this area but does not have technical expertise.

Our training focuses on creating familiarity with the ethical concepts that underpin how we develop AI solutions for our customers, while also helping them to understand how intuitive thinking around fairness and objectivity and codified through algorithms. By understanding how this is achieved, government officials gain a better appreciation of what is possible, what is not and why certain ethical nuance is simple to achieve while others are incredibly difficult.

Through the Responsible AI Office, we have developed graphical user interface (GUI) based systems that allow officials to tweak the way ethics are controlled and weighted, and to observe the results of their changes. They are able to do this across multiple, popular Large Language Model (LLM) tools and see how each returns different results based on how it is designed to operate.

We can even undertake games where we try to trick the LLM into providing information it should not, and we demonstrate how providers build in safeguards against such linguistic exploitation techniques.

The net effect of this training is a group of officials who have a closer familiarity with a transformative

technology and the way in which ethics are integrated into their operation. As they consider the future suitability of AI to solve social problems and deliver policy outcomes, they will have an inherent understanding of technology's features, strengths and vulnerabilities.

Conclusion

In summary, Infosys envisages a growing role for AI in the Australian public sector and that new governance models will be required to ensure fundamental positive biases and ethical considerations are agreed before the implementation of technology.

We believe the accelerated and beneficial adoption of the technology throughout the economy depends upon a comprehensive upskilling of the wider workforce. The public sector has the opportunity to accelerate this important workforce transformation by pursuing its own training and seeking global leadership on AI awareness amongst its officials.

About Infosys

Infosys is a global leader in next-generation digital services and technology. With over four decades of experience in managing the systems and workings of global enterprises and government agencies, we guide clients in more than fifty-six countries.

We enable them with an AI-first core, empower the business with agile digital at scale and drive continuous improvement with always-on learning through the transfer of digital skills, expertise, and ideas from our innovation ecosystem. We are deeply committed to being a well-governed, environmentally sustainable organisation where diverse talent thrives in an inclusive workplace.

With our Head Office in Melbourne and further offices in Brisbane, Canberra, Perth and Sydney, we are supporting clients across various sectors in Australia as they navigate their digital transformation powered by cloud and AI. Since opening our first office in the region in 1999, Infosys has experienced consistent growth, with a team of now over 5,500 employees.

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