

Chapter 3

What is 'digital transformation' of government services

Introduction

3.1 This chapter summarises evidence received by the committee regarding perspectives as to what 'digital transformation' entails. What is meant by 'digital transformation' of government services?

Perspectives

3.2 The committee has heard a variety of views as to what is understood by the term 'digital transformation'. Some submissions addressed the fundamental nature of the changes to society and government administration brought about by digital technology.¹ Many focused on the rollout of the actual infrastructure, software and the devices needed to deliver services.²

3.3 Mr Paul Waller, Researcher, Bradford University, London and a former United Kingdom senior civil servant involved in policy development and delivery of e-government, observed that there is no generally accepted understanding of the term 'digital transformation' as applied to government. Mr Waller noted that implicitly or explicitly, the term mostly refers to a change in organisational form signalled by the terms 'joining-up' or 'integration', of government. Mr Waller commented that:

There is in academic or other literature little evidence of any type of "transformation" achieved beyond a change in administrative process, nor a robust framework of benefits one might deliver. This begs the question of what it actually means in reality and why it might be a desired goal.³

3.4 Mr Waller further commented that his research of the literature covering the last 20 years has led him to the conclusion that digital transformation of government services has been that governments have been going about the task the wrong way by applying:

...a very simplistic e-commerce model to what is actually a highly complex political and legislative context. The model is of very limited applicability in that context. In effect, digital transformation turned out to mean websites and transactions on websites...almost nothing [in the literature]

1 See, for example: Mr Paul Waller, Researcher, Bradford University, London, United Kingdom, *Submission 18*; Mr Martin Stewart-Weeks, private citizen, *Committee Hansard*, 23 March 2018; Community and Public Sector Union, *Submission 16*.

2 See, for example: Mr Paul Shetler, private citizen, *Submission 26*; SCOA Australia, *Submission 1*; ACCAN, *Submission 11*.

3 Mr Paul Waller, Researcher, Bradford University, London, United Kingdom, *Submission 18*, p. iii. Mr Waller was a senior civil servant in the United Kingdom (UK) Cabinet Office involved in e-government and digital government strategies, including leading e-government work for the UK's presidency of the European Union developing European policy.

acknowledged that government is about policy development, policy design and its implementation...⁴

3.5 Mr Waller contended that governments need to look at the issue starting with policy making and legislation as the core functions of government, and that:

The key there lies in understanding the impact of technology—any technology—on policy instruments, their selection in policy design and how that's translated into interactions with the real world in administrative legislation.⁵

3.6 Mr Martin Stewart-Weeks, who appeared in his private capacity, commented that digital transformation of government services is a triangle of issues: 'digital capability, the role and purpose of government, and [public sector] culture'. He further stated that:

...part of the challenge for the digital transformation conversation in government at any level... is that we often fail to make a connection... between [the] three elements whose interaction has a lot to do with where and how we can drive the transformation debate as far as it needs to go.⁶

3.7 The Community and Public Sector Union (CPSU) made a similar point, observing that there is a 'misunderstanding of digital', which the CPSU stated 'is not only about ICT or websites, but also about business transformation'.⁷

3.8 Mr Paul Shetler, the former Chief Executive Officer of the DTO, has a conception of digital transformation of government services as the delivery of simple, clear, fast services that meet users' needs.⁸ He advocated customer service as the key:

One of the things I've noticed working in government but also outside government in financial services and a number of other industries that are currently dealing with digital competition is that in many cases the companies don't really understand what business they're in. They don't really understand that they're competing against digital companies. When you are competing against digital companies, to some extent you are becoming one because you can be replaced in your customers' minds with a digital company. Government needs to have the same kind of mindset as industry in this regard. It needs to understand, 'What is the impact of digital on the business models we have, on the ways we can serve the public and

4 Mr Paul Waller, Researcher, Bradford University, London, United Kingdom, *Committee Hansard*, 14 March 2018, p. 1.

5 Mr Paul Waller, Researcher, *Committee Hansard*, 14 March 2018, p. 2.

6 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 1. Mr Martin Stewart-Weeks is the principal of Public Purpose, an advisory practice working at the intersection of government, policy, and technology and innovation.

7 Community and Public Sector Union, *Submission 16*, p. 10.

8 Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 16. Mr Shetler was the inaugural Chief Executive Officer of the newly created Digital Transformation Office, the predecessor to the Digital Transformation Agency.

on the kind of ways we can rethink and re-imagine our services so that we can make them meet user needs?'⁹

3.9 By contrast, the Australian Communications Consumer Action Network (ACCAN) focused on 'a government's use of computers, mobile devices and the internet to provide services and information for consumers in its jurisdiction' and digital services as 'allow[ing] consumers to complete government applications and transactions remotely...facilitated through the submission of an electronic form on a digital platform'.¹⁰

3.10 The DHS described its Digital Transformation Strategy as:

...a six year roadmap to harness current and emerging technologies to deliver smarter and more efficient services.¹¹

3.11 The DTA as the government's lead agency for digital transformation sees its task in terms of making technology accessible:

...delivering better and more accessible digital services to individuals and businesses. This includes modernising myGov, providing Australians with secure control of their personal information, adopting cloud strategies to deliver better digital services, making it easier for small-to-medium enterprises to win government work and increasing the transparency of government services.¹²

3.12 Mr Randall Brugeaud, Acting Chief Executive Officer, DTA, agreed with the views expressed that turning analogue services into digital services is not transformation:

It's not simply sufficient for us to turn paper forms into electronic forms. In order for us to actually have a significant impact on the way government delivers services we need to think quite differently about how those services are delivered.¹³

Whether government is different from the private sector

3.13 Some submissions addressed the question of whether there was any relevant distinction between government and industry which would have bearing on how governments should approach the process of the digital transformation of their activities.

9 Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 17.

10 Australian Communications Consumer Action Network, *Submission 1*, p. 7.

11 Department of Human Services, *Submission 13*, p. 20.

12 Digital Transformation Agency, *Submission 10*, p. 1.

13 Mr Randall Brugeaud, Acting Chief Executive Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 2.

3.14 Mr Waller disagreed with the contention that government should 'be like Amazon or a bank or supermarket'. He argued that governing a country is not the same thing as selling potatoes or paperbacks.¹⁴ He contended:

Governments do policies, not services...

... a government is about policy development, policy design and its implementation; legislation and administration of that legislation; appreciation of the principles of the rule of laws and separation of powers;...the role of administrative legislation; and its political accountability.¹⁵

3.15 In that context, Mr Waller said:

There are words bandied around in the UK—I can't speak for Australia—about government being agile. In a sense, as policymakers, you have to respond to events in a way, but that's always been the nature of government. As Churchill said, 'Events, dear boy, events!' But on the other hand, in terms of the administration of public policy and legislation, the opposite is true. We, as nations, both pride ourselves as being adherents to the rule of law, so regulation is predictable. The execution and the administration of acts of regulation or whatever are carried out according to the law, objectively, without favour and entirely predictably and stably. It's generally not regarded as a good thing if law and public administration chop and change constantly; the opposite is true. So, the dynamic in public administration as opposed to entrepreneurial start-ups is, to my way of thinking, completely the opposite.¹⁶

3.16 In that context, Mr Waller considered the language used to be an important distinction:

... Language, here, does play a big part, and my biggest hate is the word 'services', which gets used to apply in this context to everything from the entire health system or the taxation system down to a simple transaction or even just a bit of computer code. But it brings into play what I described as the ecommerce model, a very simplistic model...talking about the difference between public administration and entrepreneurial start-ups, I am desperately trying to move people away from the language and concepts from that world ...Yes, they may look like customers in some sense...Are you a customer of a public health service? Not quite perhaps, because you're exercising an entitlement to something under the law. There are not really good words in the English language, but it's a matter of people exercising rights and entitlements rather than customers and providing services in the commercial sense.¹⁷

14 Mr Paul Waller, Researcher, *Committee Hansard*, 14 March 2018, p. 1.

15 Mr Paul Waller, Researcher, *Committee Hansard*, 14 March 2018, pp. 1–2.

16 Mr Paul Waller, Researcher, *Committee Hansard*, 14 March 2018, p. 4.

17 Mr Paul Waller, Researcher, *Committee Hansard*, 14 March 2018, p. 5.

3.17 Mr Martin Stewart-Weeks, agreed with Mr Waller that the digital transformation of government must proceed with 'deep, deep respect for the particular rhythms and contours of public work', however, he did not accept the proposition that the digital transformation process has been about trying to impose business techniques on government business:

This is not what it's about at all. The digital game we're playing is way deeper and way more significant, in my view...It's a whole different mindset about how you conduct enterprises of any sort. I would argue very, very forcefully that the digital transformation engine...or motivation is not primarily about a bunch of private sector techniques. This is in fact about the discovery of a very, very deeply significant and certainly potentially deeply disruptive new way of conducting human business of how we organise ourselves and get stuff done. It doesn't matter what sector it's in.¹⁸

3.18 Meanwhile, Mr Paul Shetler made no special reference to government being different from the private sector in delivering government services. He contended that:

Government needs to have the same kind of mindset as industry in this regard. It needs to understand, 'What is the impact of digital on the business models we have, on the ways we can serve the public and on the kind of ways we can rethink and re-imagine our services so that we can make them meet user needs?'¹⁹

3.19 Mr Shetler partially accepted the proposition that the inherent difference between private enterprise and government is that the latter cannot go out of business. However, Mr Shetler observed that governments can suffer a similar thing to going out of business where governments suffer a crisis of trust. Mr Shetler saw the answer as governments being certain they can react in real time to their understanding of what the user needs are, as that is how private enterprise survives.²⁰ He continued:

When I say 'more like Amazon', I mean more responsive to user needs... Government has a social purpose which is different from industry. ...I'm not at all saying, 'Run government as a for-profit enterprise.' That's not what I'm saying, but I'm saying we should learn from the methods that for-profit enterprises use to deliver brilliant products and seeing what of those we can actually apply.²¹

3.20 Mr Stewart-Weeks accepted the premise that there is no reason why government cannot provide a similar user experience as provided by Netflix, Amazon or Uber. However, he observed:

[that the answer] has to do with the way in which you design those experiences. If you're going to help people pay their tax easily or get their student benefits easily and all the rest of it, I think there are more nuances

18 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 4.

19 Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 17.

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

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

and there are certainly more hurdles that you have to get across in the public space in order to be able to deliver the same kind of experience—that is to say, from the user's point of view, it's simple, it's easy, it's clear, it's relatively quick and it's safe... That doesn't mean to say that you run the Department of Human Services like you're running Netflix or Amazon...²²

What questions should government be asking?

3.21 Some submissions identified various aspects of the digital transformation process the importance of which would appear not to have been fully appreciated in conceptual thinking about digital transformation, or indeed, have been overlooked, in the development of the overall framework for the digital transformation of government services.

3.22 Mr Waller has argued that the lack of progress in the digital transformation of government services has been taken to be a failure of execution, whereas it is actually a failure to understand the problem; governments are assuming that they are doing the right things badly whereas they have not actually known what is the right thing to do. Mr Waller observed that focus has been on the 'how' of things that are done rather than challenging the 'what' or why they are done.²³

3.23 Mr Stewart-Weeks reflected that at present the conversation tends to be dominated by the technology, what is or isn't happening, and so forth. He observed that, important as these things are, they are only one half of the conversation²⁴. He observed the trust and empathy and values between government and citizen is critical to digital transformation:

...the experience for most people of dealing with government is obviously significantly transactional...It's transactional at one level; people want to do their business with government whether it's paying taxes or fines or getting benefits or whatever. But the truth is that people's attitudes towards and their beliefs about whether the government is doing a good job or not are not transactional. There are also other very big issues at play: empathy; what I would call legibility—not so much transparency, but legibility: the ability for people to literally read and see what's going on and get a real sense of what's happening—trust; big issues around outcomes and public value; and so on and so forth.²⁵

3.24 Mr Shetler contended the government approach to digital delivery does not allow for experimentation, and therefore precludes agility, agreeing that a prototyping methodology is best where there is uncertainty as to how to achieve an outcome. A project might be clear as to the outcomes to be achieved, but knowing the end result does not necessarily mean you know the best way of getting there. Mr Shetler put

22 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 5.

23 Mr Paul Waller, Researcher, Bradford University, *Committee Hansard*, 14 March 2018, p. 2.

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

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

forward his belief that the only way to achieve experimentation is to bring digital skills in-house.²⁶

I think that, generally speaking you're talking about experimentation. That is why I believe government needs to have the digital skills in-house. Government needs to own that process. If you hand it off to a vendor, there are all kinds of things that can go wrong. The only way to manage that is purely on a time-and-materials basis, where you just shut things off if you don't want them.²⁷

3.25 Ms Teresa Ward, Assistant Director-General, National Archives of Australia, focussed on the dimension of government as a repository of data that has a public value which is not presently being recognised. She noted that the National Archives is the custodian of the most significant national data and information of government. She contended that digital transformation must recognise that information collected by the government, or data, is a business asset that must be strategically managed:

...we consider that the successful delivery of trusted government services requires an increased focus on the value, governance and management of business information, including data.²⁸

'Being digital' rather than 'doing digital'²⁹

3.26 Some submissions posited the view that digital transformation requires a change of mindset about how policy is decided and delivered, proposing a much more consultative approach to design solutions.

3.27 Mr Waller observed that the purpose of government is to make, implement and administer policy decisions on behalf of the community, however, in relation to digital government, the dominant assumption has been that 'government is a service industry, with a private sector model in mind'.³⁰

3.28 Of the way ahead, Mr Waller stated:

...we must start with the political process of policy design. Instead of building web sites to support existing administration, we must look at how technology can be embedded in policy realisation, through policy instruments.³¹

3.29 Mr Waller cited an example where the delivery of healthcare services was greatly assisted by using text messages to remind people about their appointments,

26 Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 22–23.

27 Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 23.

28 Ms Teresa Ward, Assistant Director-General, National Archives of Australia, *Committee Hansard*, 14 March 2018, p. 37.

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

30 Mr. Paul Waller, Researcher, Brunel University, London, *Submission 18*, p. 2.

31 Mr Paul Waller, Researcher, Brunel University, London, *Submission 18*, p. [v].

because the missing of appointments was one of the biggest drains on local healthcare services:

Again, it's just achieving a simple impact on, in this case, achieving healthcare policy through smart, clever little uses of simple technology making it easier for people. None of that is actually about websites, but, historically, we've always been thinking immediately of transactions on websites as being the solution to everything, and it hasn't really worked.³²

3.30 Mr Stewart-Weeks observed that policymakers are trained to provide answers to policy problems, whereas the current environment is one where people want an opportunity to shape the question. He contended:

..the digital space starts from the premise that we may not even be asking the right question, and we may find our way to the right question much more quickly if we are way, way more open about who ought to be engaged in the first place, rather than keeping that whole policy process relatively closed, relatively elite and relatively secret.³³

3.31 Mr Stewart-Weeks' solution is to ensure that, early in the process, policymakers should be engaging with customers, frontline staff, entrepreneurs and innovators who can think about ways in which digital tools and platforms might be able to ameliorate, or even avoid the problem, or to challenge the subject of the proposed policy. He stated:

In other words, if you're going to be digital, as opposed to do digital, and you're thinking about the policy conundrum that you're trying to solve...would you be trying to solve that problem in the first place or are there other ways, perhaps with more user involvement, self-service and those kind of things? The policy problem itself may disappear, or at least it may go away or change.³⁴

3.32 Mr Stewart-Weeks referred to 'Policy Lab', a project within the cabinet office in the United Kingdom concerning open policymaking which examines whether the policymaking process

...could use digital capability, particularly in the early stages, a much more open and legible process in terms of people being able to see what is happening and see the issues that are being debated in order to have a chance much earlier in the formation and selection of the policy issues to be worried about in the first place—never mind waiting until somebody's got a draft paper or a draft bill, or whatever it might be and then we traditionally get consultation and feedback.³⁵

3.33 The Australian Information Industry Association (AIIA) made a similar point:

32 Mr Paul Waller, Researcher, Bradford University, London, *Committee Hansard*, 14 March 2018, p. 3.

33 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 5.

34 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 5.

35 Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, pp. 4– 5.

The efficiency of moving a service online is, in most cases, only realized where the business process that supports the service is re-engineered. Maximising the efficiency of technology requires leveraging the capability of the technology to improve and transform the business process and delivery method. This has still not been addressed by a range of government agencies that deliver outward facing services to consumers—while the technology is new, the underlying processes remain antiquated.

For example, the plethora of forms, the way in which these are compiled, how they are required to be completed and submitted continues to reflect old processes and old ways of thinking.³⁶

3.34 Ms Ward provided an example of government being rather than doing digital, in the potential for artificial intelligence to be embedded in metadata, in this case, to assist in the sentencing and preserving of Commonwealth records.³⁷ Ms Ward stated:

The Department of Finance... [have] a research project at the moment where they're looking at how metadata can work behind the scenes in information management and help with the sentencing of documents so that the user, the departmental officer who is typing away into their word document, doesn't need to be strictly aware of how that document will be sentenced.³⁸

36 The Australian Information Industry Association, *Submission 5*, p. 2.

37 Ms Teresa Ward, Assistant Director-General, National Archives of Australia, *Committee Hansard*, 14 March 2018, pp. 38–39.

38 Ms Teresa Ward, Assistant Director-General, National Archives of Australia, *Committee Hansard*, 14 March 2018, p. 39.