# Chapter 5

## Whole-of-Government Issues

### Introduction

5.1     This chapter summarises the evidence received by the committee regarding systemic whole-of-government issues affecting the digital delivery of government services. Submissions have focussed on a number of cultural issues including change, change management and vested interests in the status quo, as well as a lack of strategic focus and leadership. A number of submitters stated that the outsourcing of ICT functions and services has resulted in the Australian Public Service (APS) not being able to develop the requisite IT skills and capability to undertake the digital transformation of government.

5.2     This chapter summarises the evidence with respect to the following issues:

- Leadership and accountability;
- Outsourcing has deskilled the APS;
- Rebuilding skills;
- Procurement; and,
- A common approach.

### Leadership and accountability

5.3     Submissions discussed whole-of-government issues relevant to the successful digital transformation of government administration, including a need for leadership at the political level. Submissions also dealt with resistance to change, how the new technologies are changing organisational structures and the decentralisation and diffusion of power within the APS.[1]

*The need for an agreed vision*

5.4     In its submission, the Australian Information Industry Association (AIIA) focussed at the parliamentary level, recommending a more bipartisan and strategic approach to building and executing a government digital service agenda. The AIIA stated:

> …digital government delivery to date has been hampered and undermined by the absence of an agreed vision and commitment….[2]

*Senior leadership and digital capability*

5.5     At the committee's Canberra hearing Mr Martin Stewart-Weeks commented on elements of the senior public sector who were resistant to digital transformation for

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1     See, for example: Mr Ian Brightwell, *Submission 17;* Mr Paul Waller, Researcher, *Submission 18.*

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

their own vested interests, and who did not have the 'confidence, capability and mindset' to make the necessary adjustments to the new technology.[3] Mr Stewart-Weeks suggested the possible solution of 'reverse mentoring' as a means of assisting senior public servants make the transition by ensuring senior managers are teamed with one or two people who can provide help and support, or alternatively to find senior people who have been converted to the new technology, or 'get' the new way of working, in order to provide peer support.[4]

5.6     In a similar vein, Mr Paul Shetler, who appeared in his private capacity, contended that there is a need to embed digital leadership skills at the Deputy Secretary level of the APS, with the focus being on those who may potentially be appointed Secretary of a department or agency—that is, to take an approach similar to the United Kingdom where two boards were created—'technology leaders' and 'digital leaders'—the latter being the more senior.[5] The digital leaders were not technology specialists; they were directors-general who were tapped to be the next permanent secretaries. This cohort was tasked with implementing the government's digital agenda, in essence, 'making it happen'. Mr Shetler commented on his experience:

> It was highly competitive. As someone who worked for one of them, I can tell you that was tremendously beneficial. It meant that I had a boss who had very much bought into what needed to happen and who did make it happen. I think that kind of push, that very conscious and aware push from the very top levels of the public service, is an absolutely necessary step when you are trying to transform an organisation.[6]

5.7     On the issue of leadership, Mr Ian Brightwell contended that the APS does not manage expectations by addressing the inevitability that there will be failures as a part of the process of innovation.[7] He contended that there needs to be a consensus as to what constitutes 'acceptable failure'. Mr Brightwell observed that the APS can no longer avoid criticism because online ICT program failure is easy to identify and the public can readily see if the delivered system works or not.[8]

5.8     In reference to the establishment of the United Kingdom's Government Digital Service, Mr Paul Waller, Researcher, that the politics involved in almost saying a project was established on the basis of wrong assumptions is quite a difficult thing to do. He noted that institutionally, there is a huge amount of political capital

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3     Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p. 3.

4     Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, pp. 7–8.

5     In the UK Civil Service, a director-general (Band 3) in the UK civil service reports to a permanent Secretary, and is the equivalent to a deputy secretary reporting to a departmental secretary in the Australian Public Service.

6     Mr Paul Shetler, *Committee Hansard*, 23 March 2018, p. 18.

7     Mr Ian Brightwell, *Committee Hansard¸* 14 March 2018, p. 8.

8     Mr Ian Brightwell, *Submission 17,* p. 5.

invested in the status quo.[9] He also noted the difficulty of breaking out of this collective approach:

> …I think there's an international see-who-blinks-first thing here, because everybody has been doing pretty much the same thing, egged on by international benchmarks that have created a reinforcing circle. Breaking out of that, whatever it is, is incredibly difficult.[10]

5.9    The CPSU stated that a key focus of government should be on fostering an agency and government culture which supports innovation and is willing to take risks. The CPSU suggested there should be a more effective risk framework, which recognises that digital transformation and innovation require the space for adaption and innovation.[11]

### *Devolved decision-making*

5.10    Mr Stewart-Weeks commented on the organisational changes that are necessary to adopt new technology.  He observed that a digitally transformed organisation has a very different conception about where power and authority are distributed in an organisation compared to the public sector. While concurring that the executive of organisations must retain 'exclusive and irreducible accountabilities', but he said that new technologies require new approaches:

> My experience has been that some leaders…have done a terrific job of really trying very hard to allow as much of that power and authority back out into the system and allow that digital flexibility and agility to genuinely flourish across their agencies.[12]

5.11    On this point, Mr Ian Brightwell considered that the APS is unable to convey technical issues at the right level of decision maker, noting that he has observed that a large number of key decisions affecting system reliability and security are often made at a very low technical level without consultation with senior management and without proper consideration of the consequences:

> The only real solution is to improve technology governance and introduce methodologies which ensure decisions are made in accordance with agency policies. This is not easy and requires a lot of education and cultural change.[13]

## Outsourcing has deskilled the APS

5.12    Submissions contended that APS contracting with private sector vendors for the provision of ICT hardware and services in recent years has left the APS without

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

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

11    Commonwealth Public Sector Union, *Submission 16,* pp. 11–12.

12    Mr Martin Stewart-Weeks, private citizen, *Committee Hansard*, 23 March 2018, p. 3.

13    Mr Ian Brightwell, *Submission 17,* p. 7.

capabilities and capacity.[14] Other submissions observed that the result of this is that digital delivery in the APS lacks a strategic focus, and opportunities have been subsumed in budget cost-savings measures.[15]

*The skills shortage*

5.13    Dr Nick Tate, Vice President, Membership Boards, Australian Computer Society (ACS), noted a Deloitte Access Economics report which identified a substantial shortage of skilled ICT professionals, including IT project managers across the marketplace.[16]

5.14    The AIIA reported that over the last number of years it has raised concerns about the deepening skills shortage both the ICT sector generally and in government sector. While noting some agencies are now addressing the issue, AIIA stated that:

> ...that generally government has been slow to address inherent skills issues across government in areas such as procurement, agile methods, cloud computing and data analytics. This has undoubtedly impacted how some initiatives have been executed, the cost, quality and reliability of some solutions and the pace of digital take-up across government.[17]

5.15    SCOA Australia also expressed concern that the APS's capability and expertise have been eroded by outsourcing.[18] SCOA Australia noted that most digital delivery of Australian government services is now dependent on companies headquartered in other countries.[19]

5.16    Mr Osmond Chiu, Policy and Research Officer, CPSU, stated that 'outsourcing has driven deskilling' in the APS.[20] He identified two reasons for the deskilling:

> There are two primary reasons for these problems with government ICT at a Commonwealth level: that outsourcing and contracting out have left the APS overly reliant on external vendors and contractors, which has created critical issues with capability and cost; and that the implementation of previous ICT reviews and strategies has been focused on achieving savings, and the opportunities for strategic reform have been missed.[21]

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14    See, for example: Community and Public Sector Union, *Submission 16;* Mr Paul Shetler, *Submission 26.*

15    See, for example: SCOA Australia, *Submission 2.*

16    Dr Nick Tate, Vice-President, Membership Boards, Australian Computer Society, *Committee Hansard*, 14 March 2018, p. 34.

17    Australian Information Industry Association, *Submission 5*, pp. 4–5.

18    SCOA Australia, *Submission 2,* p. 1–2.

19    SCOA Australia, *Submission 2,* p. 2.

20    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 1.

21    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 11.

*The generalist manager*

5.17    SCOA Australia also noted the correlation between limited ICT knowledge and experience available internally to government departments and outsourcing, noting that the circumstance mirrored the rise of the generalist manager.[22] The generalist manager meant less focus on the need for knowledge and experience of the 'business' of the department:

> So, many government departments are now faced with significant ICT operations and/or new projects with limited subject matter knowledge and experience for the task of specifying requirements, limited ICT knowledge and experience for appropriate involvement in ICT design and development and little ability to test the developed product adequately or to manage the contracts regulating the projects.[23]

5.18    Mr Ian Brightwell observed that most of the problems facing the APS with respect to the digital delivery of government services result from poor ICT governance.[24] He attributed this circumstance to public servants typically being generalists:

> I think one of the problems is that, unfortunately, the people who are often given project and program manager roles in these capacities don't have the background but are at the right level, and it's seen as an appropriate job. I think, generally, the people who have got the skills are, like a lot of people in the IT industry, often moving from program to program and project to project.[25]

*Cost-saving policy leads to deskilling*

5.19    In its submission, the CPSU emphasised the extent to which the APS is reliant on external vendors and contracts, noting that, as of 2017, the APS employed more than 14 000 ICT personnel, one third of whom were contractors. The CPSU referred to the Australian Public Service Commission's (APSC) State of the Service Report of 2012–13, which found that 47 per cent of agencies reported having skills shortages in ICT procurement, while 69 per cent of agencies reported having an overall ICT skills shortage.[26]

5.20    Mr Paul Shetler, former CEO of the DTO concurred with the CPSU:

> In my time at DTO I saw dedicated public servants doing their very best to help Australians but often failing because of its shortage of digital skills. Instead of providing digital training to public servants, too often we've outsourced IT to large international technology vendors and consultants.

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22    SCOA Australia, *Submission 2,* pp. 1–2.

23    SCOA Australia, *Submission 2*, p. 2.

24    Mr Ian Brightwell, *Committee Hansard*, 14 March 2018, p. 6.

25    Mr Ian Brightwell, *Committee Hansard*, 14 March 2018, p. 7.

26    Commonwealth Public Sector Union, *Submission 16*, p. 5.

> Outsourcing makes the government seem smaller, but it is expensive and it contributes further to de-skilling the Public Service.[27]

5.21    SCOA Australia further observed that where outsourcing was initially introduced as both a savings measure, and as a means of capturing specialist ICT knowledge from third party ICT contractors, SCOA Australia contended that those policies are now impeding the capacity of the APS to deliver digital transformation.[28] SCOA Australia stated:

> During the past twenty five years successive governments at both Commonwealth and State/Territory level have pursued outsourcing of both ICT infrastructure and the development of new ICT applications supporting the delivery of government services. This outsourcing has been undertaken to reduce expenditure required for ICT services, yet the actual cost of government ICT has increased dramatically…[29]

## Rebuilding skills

5.22    Submissions discussed the economic impact of the ICT skills shortage within the Australian economy, and the need for government to address the ICT skills shortage within the APS. Submissions suggested the need to create an ICT profession within the APS, and to establish a project management capability.[30]

### An APS ICT digital profession

5.23    Mr Chiu of the CPSU considered that the lack of skills in the APS was due to the absence of a digital profession in the APS:

> Developing an APS digital profession and having a taxonomy of roles might be helpful for developing that internal capacity. I think there's often a misunderstanding of what digital is; thinking it's more about ICT systems themselves, or websites, rather than seeing digital skills as something that should be throughout the APS.[31]

5.24    Mr Chiu agreed with the proposition that it would be worth examining an approach to an APS ICT capability in the context of a whole-of-government central function that would operate across multiple levels of government and multiple

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27    Mr Paul Shetler, *Committee Hansard.* 14 March 2018, p. 16.

28    SCOA Australia, *Submission 2,* p. 1; See also, Community and Public Sector Union, *Submission 16*, pp. 5–9.

29    SCOA Australia, *Submission 2,* p. 1. See also: Community and Public Sector, *Submission 16,* pp. 5–8.

30    See, for example: Community and Public Sector Union, *Submission 16;* Mr Paul Shetler, *Submission 26.*

31    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, pp. 14–15.

departments in order to retain the frequency and scope of the application of qualifications so that competencies can be both attained and sustained.[32]

5.25    Dr Tate of the ACS observed that government departments need to take responsibility for the development of the ICT skills base in government. He noted that the Australian economy will need about 81 000 new IT professionals by 2022:

> The Australian government can help fill that gap with internal training and reskilling programs which would have additional downstream economic benefits for Australia. It would also enable government to take ownership of its future development road map, rather than relying on external sources for expertise. There are, in our view, real benefits to tackling these issues and accelerating the digital delivery of government services. [33]

5.26    Mr Paul Shetler contended that outsourcing IT to large international technology vendors and consultants was at the expense of digital training for public servants.[34]    He said that for Australia to grow its presence in the worldwide digital economy, it needs to build a digital workforce:

> One of the things we saw in the UK, for instance…when we were transforming the British government there we were also building up a huge cadre of digital professionals all throughout the London area who wound up in a number of other firms and businesses and so on and so forth. Now London is one of the digital capitals in the world. To a large extent that is a result of the hard work that was done by GDS and all the British government departments. You are talking about tens of thousands of professionals going through there, learning best practice and then going back out to industry. It's definitely one of the things we had in mind. It's a very virtuous side-effect of fixing government services. Government, after all, is the largest single customer in Australia.[35]

5.27    DHS advised that over the past five years it has established a highly skilled workforce, with a large in-house ICT capability that is proficient across a large range of technologies covering both infrastructure and architecture. DHS acknowledged the ongoing challenges of retaining a skilled workforce.[36]

### Building digital competence

5.28    Mr Shetler recommended a whole-of-government, and even across levels of government, approach to developing digital competence. He suggested the formal professional training and accreditation of IT staff drawing from people already in the ranks who understand why they are working in the public service, and who actually

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32    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 15.

33    Dr Nick Tate, Vice-President, Membership Boards, Australian Computer Society, *Committee Hansard*, 14 March 2018. p. 31

34    Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 16.

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

36    Department of Human Services, *Submission 13*, p. 32.

have a mission for what they are doing. He said the training must be coupled with practice, otherwise people forget it quite quickly.[37] Mr Shetler agreed with the suggestion that an ability to pool ICT staff together across government would be a means of addressing the scarcity of skilled ICT staff:

> [The DTO] had proposed some similar ideas in terms of—I don't want to use the term 'hit squad'—basically tiger teams, who, from a centralised level, help out troubled projects and so on and so forth, because in point of fact for some of the bigger stuff that you are dealing with, I agree with you, there is not necessarily going to be enough going on at any one area to keep people fresh, and those people should be able to be used across government.[38]

5.29    Dr Tate discussed work undertaken to develop an ICT competency framework, and in particular the UK 'Skills Framework for the Information Age' (SFIA), which allows departments to determine where a person sits within a whole range of skills and competencies.[39]

5.30    On the issue of skills and competence, Mr Ian Brightwell agreed with the proposition that the APS should adopt an approach that the exercise of delegated authority should be tied to task-specific competencies:

> I think the senator was quite right in saying that you have to look at the competencies that are required for each job. You're handing out jobs that have very high price tags for failure and high risk profiles—and, you know, you wouldn't have brain surgery done by an intern. We're kind of doing that to some extent when we hand out the jobs for some of these big systems. If you look at the competencies of the people who are often given these jobs, they don't have the skill set or any reasonable grounds to claim it.[40]

*Project management capability*

5.31    Mr Mark Langley, President and Chief Executive Officer, Project Management Institute commented on the need for organisations to develop a culture of project management as an enabler to high agility, and with the competence and ability to select the right method for the right project.[41] He continued:

> It's the formality with which they use project management practices. That includes areas such as establishing a formal documented career path in the organisation. In the case of the public sector, it could be in a departmental or agency level, but more recently we've seen it implemented across federal government by requirement, including legislation. As an example, in the

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

38    Mr Paul Shetler, *Committee Hansard*, 14 March 2018, pp. 21–22.

39    Dr Nick Tate, Vice-President, Membership Boards, Australian Computer Society, *Committee Hansard* , 14 March 2018, p. 35.

40    Mr Ian Brightwell, *Committee Hansard*. 14 March 2018, p. 7.

41    Mr Mark Langley, President and Chief Executive Officer, Project Management Institute, *Committee Hansard*, 14 March 2018, p. 26.

United States the PMIA Act is a recent act signed by Obama in 2016. But it's implementing a formal career path for project and program managers. It's having standardisation across government with the methods they use such that, as government employees move around in departments and agencies, they're all using the same approach, so they have a common language and framework to implement projects and programs. It takes out some of the variability and, again, focuses on excellence as a requirement rather than leaving it as optional for departments and agencies to implement.[42]

5.32    Mr Langley noted the need for accountability in project management, and engaged executive sponsorship:

…there's someone identified as an executive owner responsible for project management policy and strategy within a department or agency, and they further establish a cross-agency or - department knowledge-sharing program. They come together as some part of a council or some other formal structure and they share knowledge about what works and doesn't work in government so that they can bring it back to the individual departments and agencies.[43]

5.33    Mr Langley confirmed that Australia lags behind in formalised project management strategies and techniques within organisations:

…in many areas, Australia does lag … around the formalisation of project and program management. There's statistically less focus on training in those skills areas that I mentioned—leadership, strategic and business management and technical skills. They're less likely to have formal career paths for project and program managers in Australia. There's less focus on benefits realisation. To the interest of public sector projects and value for money, it's essential that we identify the benefits and have formal benefits realisation management procedures in place. In all those areas, Australia does lag the global average.[44]

5.34    Mr Brightwell noted that there is a need for some more flexibility to insert people at the deputy secretary or assistant secretary level in a two- or three-year program to deliver outcomes and for them to be fully integrated into the government department.[45] He also agreed that those put in charge of ICT projects must remain with the project for the duration:

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42    Mr Mark Langley, President and Chief Executive Officer, Project Management Institute, *Committee Hansard*, 14 March 2018, p. 27.

43    Mr Mark Langley, President and Chief Executive Officer, Project Management Institute, *Committee Hansard*, 14 March 2018, p. 27.

44    Mr Mark Langley, President and Chief Executive Officer, Project Management Institute, *Committee Hansard*, 14 March 2018, p. 29.

45    Mr Ian Brightwell, *Committee Hansard*, 14 March 2018, p. 7.

> That's another problem. Classically, these people we're talking about will do two years. Halfway through the project they move, then you get another one, and then you get another one, because of normal career progression.[46]

*Current initiatives*

5.35    The ATO advised that it is developing a Staff Digital Capability Strategy to ensure its staff are equipped to support the delivery of digital services. The strategy includes embedding the European Commission Digital Competence Framework (DigComp) into the ATO's core capabilities as well as refreshing the existing capability framework to reflect contemporary requirements. DigComp is a tool to support a common understanding of digital competences and to enable people to develop digital competences to support their life chances and employability.[47]

5.36    The DTA advised that it is working with the APSC to raise digital capability across the APS through the Building Digital Capability Program.[48] Mr Peter Alexander, Chief Digital Officer, DTA, advised that the DTA is working with the APSC in the Building Digital Capability program to establish:

> … primarily two things: (1) a set of learning design standards for the digital transformation of government, which will then be shared, published and available to service providers to assist government and sell training and development services to agencies to meet their needs; (2) leadership transformation, building educative material for senior executives through the various cohorts the APSC train, from secretaries down, as to the various digital skills they need to operate in this world.[49]

5.37    Of the Building Digital Capability program, Mr Randall Brugeaud, Acting Chief Executive Officer, DTA stated:

> …the capability-building initiative that is being coordinated through the DTA working with a number of agencies in government looking to engage more broadly with government executives in thinking about transformation. That involves not just technical folks, but policy as well. It is thinking about how we work in providing education to the most senior executive in government. That is something that is being done now that will support that initiative.[50]

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46    Mr Ian Brightwell, *Committee Hansard*, 14 March 2018, p. 7.

47    Australian Taxation Office, *Submission 9,* p. 19; European Digital Competence Framework for Citizens (DigComp) http://ec.europa.eu/social/main.jsp?catId=1315&langId=en  (accessed on 1 May 2018).

48    Digital Transformation Agency, *Submission 10*, p. 22.

49    Mr Peter Alexander, Chief Digital Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, pp. 10–11.

50    Mr Randall Brugeaud, Acting Chief Executive Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 3.

## Procurement

5.38    Submissions raised the need for a whole-of government approach to procurement, including the requirement for more flexible funding arrangements, such as experimental prototype funding schemes, and a mechanism to enable the development of common platforms that can be used across all levels of government.[51]

### *Whole of government*

5.39    DHS advised that it is working with the DTA in relation to whole-of-government ICT procurement and is supporting the use of the DTA's Digital Marketplace.[52]

5.40    The ATO advised that it utilises the mandated whole-of-government coordinated procurement arrangements put in place by the Department of Finance, and administered by the DTA. The ATO stated that where these arrangements have not met ATO requirements or direction for its ICT sourcing strategy, the ATO has sought the necessary exemptions from the arrangements.[53]

5.41    ACCAN recommended a whole-of-government procurement policy for accessible ICT products and services. ACCAN stated that, in alliance with Australian disability organisations:

> [it had been] calling for increased awareness across all levels of government of the important role publicly funded procurement of accessible ICT has in provide greater access and inclusion for many Australians with disability.[54]

### *Procurement expertise within the APS*

5.42    Mr Chiu of the CPSU observed that outsourcing had resulted in the loss of internal knowledge within the APS about what they need to do, and often, not having those internal critical skills to understand what they need for the outcomes they seek.[55] Mr Chiu, noted that breaking up and outsourcing service provision can result in a lack of understanding, with the result that if a government is solely a procurer of services it may often not have an understanding of how a process works in practice which can lead to further problems down the line.[56]

5.43    In relation to the 2016 census failure, Mr Chiu put forward his view that the ABS did not have the internal expertise to assess the quality or suitability of the

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51    See, for example: Mr Paul Shetler, *Submission 26;* Australian Communications Consumer Action Network, *Submission 11.*

52    Department of Human Services, *Submission 13*, p. 31.

53    Australian Taxation Office, *Submission 9*, p. 22.

54    Australian Communication Consumer Action Network, *Submission 11*, *ICT Procurement Taskforce Consultation,* 31 January 2017, p. 3.

55    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, pp. 14–15.

56    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 15.

advice and products from their external supplier.[57] More recently, the 2017 report of the ICT Procurement Taskforce identified that the capability and capacity issues in the APS included a lack of technical ICT capability in the market analysis required to articulate the requirements and sort and assess the potential solutions on offer.

> Decision-making was often resting with individuals without technical expertise, and there was an inability to adapt as technology or circumstances changed.[58]

5.44    ACCAN recommended accessibility awareness training for all Government Procurement Officers and CIOs, stating that the training needs to include capability for implementing accessibility guidelines in all appropriate standards and policies.[59] ACCAN referred to the 'current culture of government procurement', saying:

> ACCAN understands the lack of awareness within government procurement of ICT about the inherent value of accessibility and usability of ICT products and services limits innovation while increasing risk.[60]

### Access to tendering process in procurement

5.45    Dr Tate of the ACS observed that the government is the single biggest purchaser of IT equipment in Australia and has a role in making it easier for small and medium enterprises (SMEs) to access government contracts. He observed:

> Procurement officers within government departments have a tendency to play it too safe when purchasing, relying too much on a handful of major international suppliers. This has hurt the local economy and missed an opportunity to use that purchasing power to give local businesses a head start which would help supercharge the Australian IT economy. What's more, this would provide access to new and innovative technology in government applications developed by start-ups and smaller players.[61]

5.46    Dr Tate stated that a reason SMEs may not participate in government procurement has more to do with government departments or agencies asking for very substantial risk mitigation of liability by insurance, rather than any frustration with the government procurement processes.  He noted that some SMEs are not in a position to provide that level of warranty or assurance.[62]

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57    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 12.

58    Mr Osmond Chiu, Policy and Research Officer, Community and Public Sector Union, *Committee Hansard*, 14 March 2018, p. 12.

59    Australian Communication Consumer Action Network, *Submission 11*, covering letter, and *ICT Procurement Task Force Consultation,* p. 3.

60    Australian Communications Consumer Action Network, *Submission 11*, and *ICT Procurement Task Force Consultation* p. 6.

61    Dr Nick Tate, Vice-President, Membership Boards, Australian Computer Society, *Committee Hansard*, 14 March 2018, p. 31.

62    Dr Nick Tate, Vice-President, Membership Boards, Australian Computer Society, *Committee Hansard*, 14 March 2018, p. 33.

5.47    Mr Paul Shetler made a similar point:

> Government agencies should adopt the methods of Australian start-ups to deliver better user facing services at lower cost. Where contracting is appropriate, we should reduce the barriers to entry in government procurement that currently give international corporate giants an advantage over smaller, more-agile Australian firms.[63]

*The 'undigital' nature of current procurement methodologies*

5.48    Mr Martin Stewart-Weeks commented that traditional procurement mechanisms tend to be somewhat more inflexible, and that the public procurement process 'can be about as "undigital" as you could possibly hope for'.[64] Mr Stewart-Weeks continued that SMEs find themselves 'stymied occasionally' by procurement processes that have not kept pace with developments.[65] Mr Stewart-Weeks further observed that the senior leaders:

> …get seriously tangled in some of the constraints and provisions that they've got to navigate in order to make this world work. I mentioned earlier the procurement game, which of course is the one that often seems to rear its head so quickly. I think sometimes they just despair in being able to get some of this new digital mindset going because it just doesn't seem to fit very well with the system. Often they are obliged to comply with legislation and regulations.[66]

5.49    Mr Shetler considered the business case approach to funding does 'not handle "agile" very well'. Instead, he advocated a prototype model of 'drip-feed' funding. Mr Shetler noted that the traditional budget approach to new projects pre-supposes a clear understanding of the requirements for the business case. He explained that this approach does not allow for shifting assumptions for digital projects where you may what outcome you are seeking, but you do not necessarily know the best ways of getting to that outcome:

> So we've always felt that it's really a much better idea to go for more of a drip-feed kind of approach where you can say: 'Yes, I have this idea. I think it should be really great. Let's test this out.' 'Great, here's a small amount of money. Come back with a prototype and show us what it would look like.' bit more. We'll give you a bit more money.' Fund it that way so you're not funding something which is a fantasy which will end in tears.[67]

*DTA response*

5.50    Dr Anthony Vlasic, Chief Procurement Officer, DTA that the DTA has put in place a framework to address SMEs tendering for government contracts. Dr Vlasic

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63    Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 16.

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

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

66    Mr Martin Stewart-Weeks, *Committee Hansard*, 23 March 2018, p.3.

67    Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 22.

advised that the framework includes a number of policies, including the Fair Criteria Policy, the intent of which is to address how you make the process fair.[68]

> Our view is that a combination of the Fair Criteria Policy, the Consider First Policy, which we're also thinking about, the Portfolio Panels Policy, which we're doing a review of, along with things like the digital marketplace, reviewing how we do panels, will make a big difference to the SME market.[69]

5.51    Dr Vlasic further advised that the DTA is addressing the circumstances of SMEs by articulating the 15 capabilities that it considers the Commonwealth needs for procurement, one of which is simpler engagement. Of the 15 capabilities, Dr Vlasic stated:

> The best way to describe it is there are five categories. There's one for the suppliers, one for the buyers, one for the contracts per se, one for process and one for people. You need to do all these things at the same time to make some real progress.[70]

## A common approach

### *Platforms*

5.52    The DTA stated that it is coordinating work on a number of whole-of-government platforms that will assist agencies deliver services:

> A digital platform is a system…that provides functionality multiple agencies can use to deliver services to users. Any one service experienced by users might draw on multiple platforms, each delivering a different function.

> Common platforms can be used and reused by an agency to ease their digital workload… Agencies won't have to reinvent the wheel every time they need to deliver a new service, and the government doesn't have to support and maintain a multitude of systems that all essentially do the same job.[71]

5.53    Mr Peter Alexander, Chief Digital Officer, DTA, advised that it is developing a platform strategy which will set out some whole-of-government platforms and capabilities which agencies would use for delivering a number of services.

> For example, with identity, there is the Tell Us Once capability—if someone changes address or someone dies and we want to share a notification. They tell the government once that that has happened and we

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68    Dr Anthony Vlasic, Chief Procurement Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 7.

69    Dr Anthony Vlasic, Chief Procurement Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 7.

70    Dr Anthony Vlasic, Chief Procurement Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 7.

71    Digital Transformation Agency, *Submission 10*, p. 5.

> share a notification—or payments. There'll be platforms where we do that. If your question is: if an agency is running a mainframe to deliver a particular type of service, and another agency that interacts with them is running another type of technology—x86 or a different type of infrastructure—do we say that they have to run the same? No, but what we say is they have to interoperate, and there has to be standardisation. We build to open standards so we can interoperate—share data in the systems. Could one agency run a mainframe for all agencies? That's something that would be explored in that platform strategy.[72]

5.54    Mr Brightwell agreed with the recent Digital Transformation Agency (DTA) ICT report on procurement regarding the need to better exploit the use of ICT platforms across government agencies, but observed that these recommendations may not be easy to implement.[73] Mr Brightwell considered the approach that would be of greatest benefit to the Australian economy is for the Commonwealth to examine the viability of providing or facilitating the provision of ICT platforms which can be used at all levels of government.[74]

5.55    Mr Brightwell suggested a governance mechanism to facilitate the use of ICT platforms across all levels of government. He cited the PSMA Australia Limited as an example of a governance structure that facilitates broad and sustainable access to high-quality location data.[75]   PSMA is an unlisted public company owned by Australia's state and territory and federal governments—its shareholders are the various treasuries; with minsters appointing company directors. The directors largely represent the constituency of users. Mr Brightwell suggested the model could be applied on on an instance by instance basis, or an industry by industry basis, by identifying the stakeholders with common interests.[76]

### *Common activities need a common approach*

5.56    Mr Paul Shetler stated that there are some activities that are undertaken across the whole of government that are best addressed by taking a common approach, including the activities of payments, notification services, and publishing. He observed that it makes no sense for government to have many different ways of delivering, for example, payments.  He said that while actual delivery of a service must be undertaken by the relevant department, it is delivered on behalf of one government and there is a need for consistency in how things are done:

> I've always thought that, the more you deal with direct end-user-facing things that should be devolved to the departments that are dealing with it as it is today—it makes complete sense. But they need to be supported by

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72    Mr Peter Alexander, Chief Digital Officer, Digital Transformation Agency, *Committee Hansard*, 7 May 2018, p. 8.

73    Mr Ian Brightwell, *Submission 17*, p. 8.

74    Mr Ian Brightwell, *Submission 17*, p. 9.

75    Mr Ian Brightwell, *Submission 17*, p. 9.

76    Mr Ian Brightwell, *Committee Hansard*, 14 March 2018, p. 10.

common standards, common patterns, common templates and common platforms that allow them to do their work in a consistent way so that, when citizens deal with an agency here or an agency there, it is not like they are dealing with completely different things. It is government to them. It's one thing and it works in the same way.[77]

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77    Mr Paul Shetler, *Committee Hansard*, 14 March 2018, p. 18.