**Address to the Australian Information Industry Association**

**Government Services in the Age of AI
 19 June 2024**

 **1)** **Introduction**

I am pleased to have the chance to speak to this AIIA forum about how government serves citizens, and the role of information technology in improving the citizen and customer experience.

The Australian Information Industry Association has been a strong champion for the role of IT in government. I was pleased to join the AIIA’s trade mission to India, twelve months ago.

We learned a good deal about India’s Aadhaar digital identity system which now has 1.3 billion users. It is a great case study of better IT supporting better delivery of government services while reducing fraud.

Today, I want to speak first about why IT is important for government service delivery. Next, I want to analyse the current government’s sadly deficient performance. Thirdly, I want to sketch out some of the key principles that a Dutton Government would apply to do a better job.

 **2)** **The importance of IT for good government service delivery**

Turning first, then, to the role of IT in government services, it is vital that governments respond to the expectations of citizens just as businesses must respond to the expectations of customers.

Australians are enthusiastic users of technology; we are a nation of early adopters. When the first generation of mobile phones came along Australian take up rates were some of the highest in the world.[[1]](#footnote-1) Over the last ten years, we have taken up contactless payment technology like payWave more quickly than comparable countries.[[2]](#footnote-2)

Australia’s banks, telcos, airlines and other businesses have both responded to and reinforced this customer openness to technology, with a continuing focus on improving the digital customer experience. This in turn is raising citizen expectations when they engage with government.

According to a recent CommBank Consumer Insights Report, 85 per cent of Australians agree that retailers should be using data – responsibly – to provide personalised services.[[3]](#footnote-3)

It is clear that when given the choice, Australians embrace digital channels as a way to deal with government. 94 per cent of Australians use digital government services.[[4]](#footnote-4)

Last year there were 1.1 billion digital interactions with Services Australia; 55 million telephony interactions; and 10 million face to face. In other words, 9 out of 10 interactions were digital.[[5]](#footnote-5)

**3)** **This Government’s deficient performance**

But sadly, the Albanese Government is doing a poor job of responding to the appetite of Australians to deal with government digitally.

The customer service performance of Services Australia – an agency employing over 28,000 people, with the largest call centre operations of any organisation in Australia - has collapsed over the last two years.

One of its core jobs is to process claims made by Australians to receive a government benefit, such as the age pension or the Jobseeker Allowance. But this is taking much longer than it used to.

If you applied for a Disability Support Pension in first four months of this year, it took Services Australia on average 107 days to process your application. In 2021-22, under the Coalition, it was taking 45 days.

A Low Income Card today takes 59 days, compared to 16 days under us; if you apply for Dad and Partner Pay, today it takes 51 days [check] compared to 14 days under the Coalition.

Then there is the disastrous blowout in call waiting times.

If you call the Employment Services line, on the most recent numbers it takes on average 50 minutes and 50 seconds before your call is answered. Under the Coalition, it took 24 minutes and 55 seconds.

For a call to the Older Australians line, today it takes 46 minutes and 39 seconds on average, compared to 21 minutes and 30 seconds under us; for the Disabilities, Sickness and Carers line, it takes 46 minutes today compared to 21 minutes under us.

The Government does not publish this data transparently but the Coalition has used Estimates and other processes to extract this information – and it confirms that there is a big problem.

In my view three major factors are driving the problem. The first is the actions of Minister Bill Shorten in dumping specialist external service providers.

The second is his conscious weakening of the digital capability of Services Australia.

The third factor is the operational legacy of his ferocious politicisation of the Coalition’s income compliance program.

Dumping external specialists and adding public service generalists

Let us start with Labor’s approach of dumping external specialists and replacing them with generalist public servants.

Before coming to government, Labor committed to increasing the size of the Australian Public Service. The Labor Party is the political wing of the union movement, and more public service jobs means more union members. While only eight per cent of private sector employees in Australia today are union members, in the public sector around 33 per cent are in a union.[[6]](#footnote-6)

The result of this policy at Services Australia is that 3,000 previously outsourced roles are now being done by permanent public servants.[[7]](#footnote-7)

One example is the December 2022 decision to get rid of more than 1000 specialist ICT contractors from Services Australia. This has gutted the agency’s capacity to continue to develop its IT systems.

Another example was in June 2023, when Services Australia axed a $343 million contract with specialist external call centre provider Serco, removing 600 jobs. This was done even though Serco’s call centre operations were much more productive than Services Australia’s in house operations, with a KPMG assessment finding that Serco’s staff took 44 per cent more calls than agency staff.[[8]](#footnote-8)

Today, Services Australia has almost 2,000 more staff than its average staffing level of 26,838 under the Coalition in 2021-22. The increase in staff has brought a worsening, not improvement, in service levels.

Yet despite the poor results of Shorten’s policy, in the most recent budget he has doubled down. Over three financial years, Labor will spend over $1.8 billion on more than 7,500 additional public service positions at Services Australia.

When asked about this in a recent media interview, Mr Shorten said:

But the other thing to mention is demand is up. Demand is up on previous years. So not only do we have that, it's like the two jaws of the snake, we’ve got a decreasing number of people and we've also got more people than ever asking.[[9]](#footnote-9)

This statement is wrong on two counts. First, as I have shown, Services Australia does not have a decreasing number of people, it has had an increase in staff levels since the Coalition left office. Second, demand is not up as he claims; data obtained by the Opposition under Freedom of Information laws show that customer demand is down overall compared to the previous four financial years.[[10]](#footnote-10)

Weakening the Digital capability of Services Australia

Let me turn next to the way that the digital capability of Services Australia has been weakened under Bill Shorten as Minister.

According to the agency's annual Assurance Statement, there has been a conscious management decision taken to pause automation processes, from late 2022. The stated reason for this decision is a ‘revisiting of their risk tolerances’.

This is a very odd decision, particularly given that Services Australia showed that it could improve customer service using automation under the Coalition. After the ATO introduced Single Touch Payroll, Services Australia built on this by providing pre-filled online forms to Australians receiving Jobseeker and other benefits.

This makes it much easier for people receiving benefits to meet their requirement to report to the government the amount of income they received from employment in a given week. We know the pre-filled forms are well used; in 2022-23 there were over 3.5 million income support related reports made using Single Touch Payroll pre-filled data.[[11]](#footnote-11)

As well as pausing automation processes, Services Australia is grinding to a halt on the IT transformation work that was underway under the previous Coalition government.

Labor inherited six major ICT projects from us; their collective budget in 2021-22 was over half a billion dollars.[[12]](#footnote-12) The biggest was the Welfare Payment Infrastructure Program, designed to overhaul the agency’s core mainframe systems, with a budget of over $1.5 billion.

Today only two programs are still underway.[[13]](#footnote-13) Since Labor took office, there has not been one new IT transformation project commenced.

Equally troubling is the poor performance on those projects which are still underway, such as the Health Delivery Modernisation Program, a project which aims to uplift Medicare’s digital systems.

At Senate Estimates recently Services Australia was forced to come clean, rating the status of the project as ‘red’.[[14]](#footnote-14) In other words, it is in serious trouble.

The evidence keeps mounting up of Services Australia failing to lean into opportunities to introduce new technology to serve citizens better. For example, in November last year, the government announced a six month trial of Microsoft’s Copilot artificial intelligence tool over 50 agencies - but Services Australia was not one of them.[[15]](#footnote-15) It only got around to signing on this month - and the trial only lasts until the end of this month.

Moreover, in Senate Estimates this month, we learned that there are no plans to approach the market as part of the government’s myGov Budget measure.[[16]](#footnote-16) This means that there is no new technology being procured from the private sector as part of the next phase of myGov’s development.

Labor’s refusal to uplift and transform ageing systems does not just mean worse customer outcomes, it will also worsen the Commonwealth’s tech debt – the cost to government of propping up legacy systems.

As Simon Bush has pointed out[[17]](#footnote-17), McKinsey have found that 20 to 40 per cent of tech budgets go to maintaining such legacy systems.[[18]](#footnote-18) Services Australia has *six* legacy systems.

The Legacy of Bill Shorten’s Ferocious Politicisation

Let me turn to the third reason why service levels are collapsing at Services Australia: Bill Shorten’s ferocious politicisation of the previous government’s Income Compliance Program.

Labor at the 2016 and 2019 elections, when led by Bill Shorten, submitted policy costings which assumed the continuance of the program. But subsequently Shorten mounted a ferocious political attack on the program, he labelled it ‘Robodebt’ and once in government he established what he was pleased to call the Robodebt Royal Commission.

He has spent much more of his time and effort on this political attack than on the nuts and bolts work of improving Services Australia’s operational performance.

A clear consequence of Mr Shorten’s royal commission is to make the Public Service more timid, more risk adverse and less likely to think creatively and ambitiously about how best to serve the government of the day and in turn the Australian people.

Consider the rollout of voice print, digital assistants, digital identity and video chat appointments, amongst many other reforms, delivered under the Coalition. Consider in New South Wales the scrapping of the old motor registries, replaced by the Service NSW model. These new ways of service delivery required innovative thinking from the public service.

The Royal Commission's report makes it clear that the central idea for the income compliance program was developed by officials within the Department of Human Services. It is an example of what we want public servants to be doing—generating ideas.

Let me be clear. The former Coalition Government made mistakes with the Income Compliance Program. They were made based on the clear advice of the Public Service that the program was lawful. Once that advice changed, we acknowledged the mistakes on our watch, and we fixed it on our watch. The incorrectly raised debts were cancelled, all who had paid such a debt had it refunded or had their debt zeroed, and the then Prime Minister apologised to Australians.

But to take away from this episode the idea that algorithms should not be used, that technology is bad, and that innovation should not be encouraged, would be a very bad thing. Yet that I fear is exactly what has happened to the internal culture of Services Australia.

Let me make one other point. As I explained earlier, through the Coalition’s innovation of Single Touch Payroll, any recipient of benefits can use a prepopulated form to report his or her income from employment in a given week, in an efficient and low stress way.

This directly responds to the central claim of Mr Shorten’s political attack: that there was an objectionable program which required Australians to go and prove their income received at various times in the past, and caused them great stress if they were unable to do that.

It turns out that by upgrading the IT systems, the customer service pain point - if I can use private sector language - could be and has been very largely overcome. But Mr Shorten was much more interested in scoring political points than in taking a customer service focussed approach of identifying and solving the customer pain point.

 **4)** **The Key Principles the Coalition Would Apply to do a Better Job**

I now want to turn to the principles and approaches that would guide a Dutton-led government in this space.

Build on our track record

The first principle would be to build on the Coalition’s track record. In nine years we made significant progress on using information technology and digital tools to serve Australians better.

We established interactive voice response for Services Australia’s telephony operations, and pioneered the use of chat box digital assistants.

In 2018, we partnered with Microsoft for its Azure cloud-based platform, allowing the new platform to access government documents at a protected level and above. In 2020, we partnered with Adobe, among others, under our Enhanced MyGov investment to deliver the new myGov platform.

The MyGov User Audit, commissioned by Shorten when he became Minister and chaired by former Telstra CEO David Thodey, declared that the new MyGov platform was “well-crafted and implemented.”[[19]](#footnote-19)

Under the Coalition there was a strong focus on robust governance mechanisms and on breaking down silos. We set up the Digital Transformation Agency to drive whole-of-government digital investment at Commonwealth level. We also created the Data and Digital Ministers Meeting to improve coordination with state and territory governments.

The former Coalition Government’s record in this space has been recognised in the 2023 OECD Digital Government Index, which placed Australia in the top five performing countries.[[20]](#footnote-20)

A customer service mindset

Our next principle will be a customer service mindset.

This might sound like a bit of boilerplate. Actually, it is a very significant statement of what we think is most important: making the experience of Australians who deal with the Commonwealth through Services Australia and other channels as good as it possibly can be.

Bill Shorten’s priorities as Minister have been very different – and the result, as I have shown, has been a collapse in service levels.

But it doesn’t have to be this way. Things operated quite differently under the previous Coalition Government. And of course there is another excellent example of a customer service mindset being employed by government: the impressive work of the former New South Wales Coalition Government, in establishing Service New South Wales under the leadership of Minister for Customer Service Victor Dominello.

Service New South Wales has become well known for its slick use of IT and digital tools, such as the apps it rolled out quickly during COVID. But as Victor is always the first to point out, the starting point was to ask how citizens could be served better through a customer service mindset.

The next step was to work out how best to use each of the available channels to serve customers, including digital, telephony and face to face. It turns out that the great majority of people want to deal with government as they deal with their bank - over an app or via a website. It is quicker and more convenient than having to go into a branch or a service centre.

But there must always be support for customers - or citizens - whichever channel they prefer to use. Ensuring service is available over all channels will be a guiding principle for us in government.

It is worth pointing out that Bill Shorten’s approach of freezing technology while hiring more people has put Services Australia’s staff in a difficult position. They do not have the best available technology to support them. We recognise that Service Australia’s people are committed to serving Australians - and we want to give them the right tools to do their jobs effectively.

More coherent whole of government IT decision making

I mentioned our approach to cross government coordination, including through the Digital Transformation Agency. This is a direction we want to push further in, with a more coherent whole of government approach to IT decision making across government.

Again, the example of the former Coalition Government in New South Wales is instructive. According to Boston Consulting Group, satisfaction with the 16 customer-facing organisations which came together to form ServiceNSW stood at only 69 per cent in 2013. By 2019 it had risen to around 95 per cent.[[21]](#footnote-21) A key factor in this turnaround was Cabinet-level buy-in on digital and data strategic priorities.

Of course, under Labor we have seen coordination, and the role of the DTA, get weaker not stronger. Last year, the DTA lost its leading role in digital identity policy. It makes no sense that the DTA reports to the Finance Minister, and the Minister responsible for delivering government services does not have any formal authority in this space.

Compliance with the DTA’s Investment Oversight Framework – the rules and procedures which govern the development and delivery of major Commonwealth ICT projects – is poor. In 2022–23, less than half of all the ICT investment proposals submitted to DTA were within Budget timelines and 70 per cent of project proposals were not strongly aligned with Cabinet-agreed digital policies and standards.[[22]](#footnote-22)

Tangible improvements in digital user experience

Internal decision making processes are one thing, but we need to see tangible end user benefits from a more coordinated approach - such as how you log in to Commonwealth websites.

Today, if I want to apply for a passport via the Department of Foreign Affairs and Trade, I have to generate a wholly new password and email – I cannot use myGovID. This is bizarre and needs to be fixed.

We need to match the user experience levels delivered by private sector organisations. According to Adobe’s most recent Global Government Digital Performance and Inclusion Benchmark, federal agency websites scored below 70 percent for customer experience.[[23]](#footnote-23)

 One way to improve the user experience is to deliver more personalised services. This could see a customer being automatically presented with information about natural disaster payments on their myGov app because they’re in a disaster-affected suburb.

Or it could take the form of tailored service offerings based around life events, such as the birth of a child or death of a loved one – with citizens finding this in one convenient place rather than having to navigate through multiple government websites.

Services Australia has the software it needs to do better here - thanks to procurement decisions made by the previous Coalition Government, including software in Adobe Target and the new myGov platform.

But we learned recently that Katy Gallagher had rejected a proposal by the Digital Transformation Agency to extend a plan for more life event-based services.[[24]](#footnote-24) This is the wrong decision and needs to be urgently reassessed.

Tackling Fraud

I want to mention one area where I think Services Australia could do much better work: tackling fraud in claims for government payments. If you make a claim for a government payment like Medicare, then if you are entitled to the payment you should get it quickly and efficiently through Services Australia.

But Services Australia also needs quick and efficient processes to ensure that if you are not entitled to the payment, you do not get it.

I spoke earlier about Bill Shorten’s ferocious politicisation of the income compliance program. Part of his tactic has been to discredit the idea that there should be continuing scrutiny over the validity of social services payments and an ongoing process to identify instances of overpayment, whether innocent or fraudulent.

This is a proposition that the Coalition disagrees with strongly. Services Australia pays out over $219 billion a year: it is simply naive not to recognise the risk of money being paid to fraudulent claimants.

Two recent reports handed to government have highlighted the scale of the program. In August 2023, the Australian National Audit Office called for a clamp down on Centrelink overpayments: in the 2022-23 financial year to 31 March 2023 there were 762,627 customers who were overpaid.

In the Medicare space, Deloitte economist Dr Pradeep Phillip provided the government with an authoritative report in March 2023, finding that non-compliance was costing around $1.5 to $3 billion.

Yet presently there is no one agency or program working systematically to combat fraud and non-compliance across these multi hundred billion dollar government programs.

 Dr Pradeep for example recommended the government should have a ‘continuous monitoring’ regime just as leading financial institutions do. Here again is yet another smart private sector practice that could deliver results for citizens if the government was minded to more readily embrace innovation.

 **5)** **Conclusion**

Let me conclude with the observation that there will be plenty on the plate of an incoming Minister for Government Services should the Coalition form government.

Whenever an agency employs 28,000 people and pays out over $200 billion a year, there will be a lot to do. When digital service levels in the private sector are continuing to rise, when citizens are expecting ever more in their dealings with government, and when the current Minister has so obviously applied the wrong priorities, that means there is even more to do.

But there are also plenty of opportunities - as we look to fix problems like long waiting times for payments, and roll out innovations like personalised services.

Should I be appointed to this role in government, I will be eager to work with the private sector to draw on your expertise.

 At the moment Australians are being let down.

But I am confident that with the right mindset and right priorities, we can markedly improve the level of government service delivery at Commonwealth level.

1. Telecommunications Performance Report 2004–05, Australian Communications and Media Authority, p. 70. [↑](#footnote-ref-1)
2. ABC News, Tap and Go: Australians embrace contactless credit cards, but not mobile wallets, 1 August 2016 [↑](#footnote-ref-2)
3. Consumer Insights Report 2023, Commonwealth Bank of Australia, p. 38. [↑](#footnote-ref-3)
4. Publicis Sapient, Digital Citizens Report 2023, p. 14. [↑](#footnote-ref-4)
5. Services Australia, Annual Report 2022-23, p. 3. [↑](#footnote-ref-5)
6. Australian Financial Review, Union membership in private sector shrinks to 8pc, 15 January 2023 [↑](#footnote-ref-6)
7. Budget Paper No. 4 (2024-25), p. 171. [↑](#footnote-ref-7)
8. Media release, Coalition delivers on promise to improve customer service at Centrelink, 30 October 2018. [↑](#footnote-ref-8)
9. Transcript, Minister Shorten interview on 2GB Drive with Chris O’Keefe, 6 November 2023 [↑](#footnote-ref-9)
10. Services Australia Operational Report, 17 December 2023 and 15 April 2024. [↑](#footnote-ref-10)
11. Community Affairs Legislation Committee, Senate Question on Notice, SQ23-000724. [↑](#footnote-ref-11)
12. Community Affairs Legislation Committee, Senate Question on Notice, SQ23-000468 [↑](#footnote-ref-12)
13. Community Affairs Legislation Committee, Response to Coalition Senators' request for information (Tabled Documents, 3 June 2024), p. 324. [↑](#footnote-ref-13)
14. Ibid,. [↑](#footnote-ref-14)
15. InnovationAus, APS heavyweights sit out Microsoft Copilot trial, 20 February 2024. [↑](#footnote-ref-15)
16. Community Affairs Legislation Committee, Hansard, Monday, 3 June 2024, p. 34. [↑](#footnote-ref-16)
17. InnovationAus, Legacy ‘tech debt’ is strangling govt digital budgets, 29 September 2023. [↑](#footnote-ref-17)
18. McKinsey, Tech debt: Reclaiming tech equity, October 2020, p 2. [↑](#footnote-ref-18)
19. Critical National Infrastructure – myGov User Audit January 2023 (Volume 1), myGov User Audit, p. 5. [↑](#footnote-ref-19)
20. Digital Transformation Agency, Top 5 for digital government: Australia’s debut on the OECD Digital Government Index, 30 January 2024 [↑](#footnote-ref-20)
21. The Mandarin, Is Services Australia the last great hope for federal digital transformation?, 29 May 2019 [↑](#footnote-ref-21)
22. Digital Transformation Agency Annual Report 2022-23, p. 28. [↑](#footnote-ref-22)
23. Adobe, Global Government Digital Performance and Inclusion Benchmark,, March 2024, p. 4. [↑](#footnote-ref-23)
24. Finance and Public Administration Legislation Committee, Hansard, 31 May 2024. [↑](#footnote-ref-24)