

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020-21 (Pearson)

Melbourne—Tuesday, 1 December 2020

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Mr Danny Pearson, MP, Minister for Government Services,

Mr Jeremi Moule, Secretary, and

Mr Andrew Campbell, Acting Deputy Secretary, Governance, Policy and Coordination, Department of Premier and Cabinet.

The CHAIR: Welcome again, Minister, and welcome to your officials, for consideration now of the portfolio of government services. The committee will take a short presentation of 5 minutes from you again, and this will be followed by questions from the committee. Thank you.

Visual presentation.

Mr PEARSON: Thank you, Chair. I thought I would start with a quick overview of the government services portfolio. It covers public sector administration and reform, cybersecurity, data analytics and digital transformation. In short, we deliver digital transformation and a modern and responsive VPS. The main pieces in DPC are spread over five branches, which is on the left-hand side, and nine portfolio entities on the right-hand side.

Victorians expect government services to be as intuitive, integrated and convenient as industry-delivered services. These expectations will only grow as technology advances. This means that we must deliver more targeted, impactful and responsive services for Victorians. Now, it will not be easy, but I am confident in our capacity to adapt and grow and to ultimately deliver services that meet the expectations of all Victorians. This will be achieved by meeting three key objectives: delivering digital transformation; creating a modern and responsive VPS; and promoting professional public administration.

We have led the whole-of-Victorian-government digital transformation through our stewardship of digital strategy and policy governance and assurance and the delivery on common platforms. The whole-of-Victorian-government IT strategy 2016–20 laid the foundations for open information, digital services, strong, modern systems and increased capability across the Victorian government, and we delivered on a total of 91 action items from the strategy through to the end of last financial year. A priority of this was the delivery and operation of key common, whole-of-Victorian-government platforms, and I would like to step you through a few of these on the left-hand side of the slide.

There is Service Victoria, which is the state's dedicated customer service agency that makes it easier for Victorians to get things done with government. Thanks to Service Victoria and the digital, design and innovation branch of DPC, Victorian business owners now have access to a free QR code service. For businesses, the service is as simple as registering your business, downloading and printing a poster with a Victorian government QR code and displaying it prominently. Visitors then simply need to scan the QR code using their smartphone camera and enter their details, and those who use the Service Victoria mobile app can remain signed in for a fast and easy check-in experience. Service Victoria also delivered the secure data services that keep these businesses' visitors' data safe. Service Victoria also reacted swiftly to stand up the electronic SA border permit system and do its bit to protect the health and safety of Victorians. There is the vic.gov.au website. This has reached billions of Victorians of all locations, ages and backgrounds on the issues that matter to them. The pandemic has shown us how important timely information sharing is and how reliant we are on technology, which is why we upgraded vic.gov.au to make all COVID information accessible on one site.

Engage Victoria continues to be the place where Victorians can discover and access government consultations, share ideas and have their say on what matters to them. It has run over 500 consultations, including on the Sunbury train upgrade, on the South Gippsland Highway upgrade and on safety in the Mallee region. Over 100 000 Victorians have now submitted 240 000 contributions to policies and plans that have an impact on their lives. But we are not going to stop there. The budget will build on these efforts—making it easier, simpler and faster for Victorians to get the support and services they need online—by investing. We are investing \$195.9 million to establish Digital Victoria, a new blueprint that sets the pace for digital transformation. Under the Digital Victoria approach, ICT projects across government will go through best-practice assurance checks

and processes. It will also mean more jobs, as we are creating procurement and tender opportunities for local businesses through simplified IT procurement, limiting the size of big ICT contracts. And with \$40.5 million, we are not only continuing the good work of Service Victoria but expanding it into streamlined business licensing so that business owners can worry less about their requirements and more about bouncing back.

Of course we need people to achieve all of this, and the VPS is a key enabler of delivering our digital strategy and services across the Victorian government. We had to rapidly adapt the VPS to meet the challenges of COVID. While many public sector organisations, such as those in cultural and sports sectors, were hit hard, others like the health sector were dealing with a surge in demand. The JSE has led our efforts to create a VPS that could quickly adapt to the challenges of COVID, redeploying displaced workers to where they were needed most.

The Victorian Centre for Data Insights developed a single digital reporting platform on COVID-19 impacts for government decision-making. The platform provides daily updates on critical data for public health measures, such as cases, testing, health system capacity and outbreaks, as well as the social and economic impacts of COVID-19 on the community. And the VPS is more secure and resilient since we delivered the Victorian government's *Cyber Security Strategy* and have made a further \$7.5 million investment in the DPC's cyber unit to bolster cybersecurity resilience and ensure critical government assets and information are protected.

And I will leave the last slide out, Chair.

The CHAIR: Thank you, Minister. I will pass to Ms Pauline Richards, MP, for the first questions.

Ms RICHARDS: Thank you, Minister. As a self-identified data nerd I think it will be interesting to hear your insights on digital transformation, and particularly I will start by referring you to budget paper 3, pages 115 and 116. There are several budget initiatives there—Digital Victoria, for example—that are driving this digital transformation agenda across the Victorian government. I understand Victorians spend about \$3 billion on ICT each year. Can you provide the committee with some insights into how Digital Victoria will get the best value from that allocation and create jobs for Victorians?

Mr PEARSON: Thank you, Ms Richards. Look, what we have done this year to date has been incredible. It has been an incredible achievement, and Digital Victoria will play a really important role going forward because it will start to look at transforming the way in which we govern. I have spoken about this before. I think that when you look at data and digital, it is not going to be ancillary to government; it is going to be at the core. It is going to be the essence of what we do. So Digital Victoria will play a really important role with that.

As part of that broader, overarching strategy we will be looking at utilising the VCDI to transform the Victorian public service through data-driven insights. The VCDI is led by Victoria's first chief data officer and supports the VPS to make better decisions using data, and its teams offer strategic training and analytic support services across the government. The VCDI played a really important role this year in terms of supporting government through the pandemic with data insights and advice.

In relation to Digital Victoria as well, we will be looking at establishing a single digital presence. I think this is really important, because I think what this year has shown us is the importance of accurate, timely information that is consistent. I think all of us as members—and it would not matter which party you are from—would have had engagement with constituents throughout this year, and people just want to know: what can I do and what can't I do? And it is really important that you can try and find information quickly and easily and that it is regularly updated and is consistent.

I think for us one of the key things we are trying to achieve through the single digital presence is to make sure that information is available, it is consistent and it is regularly updated. And this is not a new problem. This problem has been around for a long time. I remember talking with a former senior public servant 10 years ago or 12 years ago, and people sometimes freelance in the public service and they create their own digital presence. I think we just need to get better at that. I think we need to try and streamline that and make that more consistent, because the last thing you would want would be to have some person say, 'Well, this website told me I could do it, but it is actually inconsistent with what another website says'. When we are trying to get timely information out there, when we are trying to get accurate information out there, we absolutely need to make sure that we can try and get this done right and that we can try and make sure that we have got this information readily available and out there. So it is important that we have that consistent.

Again, coming back to the VCDI briefly, the VCDI helped improve our contact-tracing team to identify common locations visited by positive cases, which was used to quickly identify and manage new outbreaks and points of infection. It was also important that we try and make sure that we look at supporting the VPS employees to work from home, and so that was a really important exercise as well throughout this year. I think that if you had asked any of us 12 months ago, ‘How do you think you’ll go in getting 30 000 FTE of the VPS to work from home remotely and to do it off a standing start?’, I do not think any of us would have thought that would be possible, but it has been done. It is about making sure that we provide the right environment and the right support for that to occur—and Cenitex has worked really hard to try and get that right—and to also then invest in our people and support our people, because that has been really important as well.

I think the investments we are making with Digital Victoria, Ms Richards, will play a really important role in improving our efficiency, but also I think in trying to demonstrate to the VPS that we are an employer of choice, that we invest in our people, that we invest in infrastructure, that we have got our mind to the future, that we are on a journey, that we are not going to sleepwalk through the 2020s, that we have got a vision of where we want to go, that we want to take people on a journey and that we want to invest in our people and support them. I think getting those digital skills up is really important. I think the work around the jobs and skills exchange is going to be really important as well in terms of increasing the capacity of our workforce.

If you think about it, I think it probably used to be that you would have a really nimble, lean public service and you would dial up or dial down resources as you needed. I think that was probably the model, if I was going to hazard a guess, from 1992 up until the election of our government. I am not being critical; I think that was just the model of the times, and I think the Victorian government of that era was no different to many other Western liberal democracies. I think, though, what is being asked of us now as a government and the expectation placed on us by the community means that we actually need to have a stronger, robust and nimble public service that has got the capacity to respond. I think that with the jobs and skills exchange that is about investing heavily in our people, and we should be really hands on. I think we need to get quite granular. I think if you are a VPS 2 or a VPS 3 and you are 25 or you are 30 years of age, we should be having a conversation with you, ‘Well, look, do you want to stay with us for the next 20 years or 30 years or not? What are the skills you’ve got, but what are the skills that you need?’, and marrying that with the skills that we understand that we are going to need, because the skills that we have got now will not necessarily be the skills we need in five years time or 10 years time. So then we can start to have that conversation about trying to train up and skill up people so that they have got the capacity to be able to reach their potential and really investing in our people and supporting them.

I think digital forms a really important role as part of that because we need more people with digital skills. We need more data scientists; we need more people who are highly numerate and who can try and pull together disparate datasets and then try and find a way whereby we can try and have a more effective response. Look, it is not within Digital Victoria’s brief at this stage, but if you think about it, from the point of conception to when that child walks through the school gate for the very first time, assuming that child has grown up in a functional household, that child will probably create five or six different datasets: perinatal, postnatal, maternal and child health, the hospital visits, the doctors, kindergarten, playgroup and child care. None of those datasets talk to each other. We have got no visibility. So when the child starts, we are flying blind. I reckon we can do better. I think we can be better, and I think we can try and use data and digital in a way in which we can be more targeted and focused and more nuanced in terms of serving our citizens better—and our understanding—because we know that the first 1000 days of a child’s life are so important.

I think that Digital Victoria—and again, this is outside of their scope of work, so I want to be clear about that—holds the opportunity of the broader digital transformation of the VPS: how can we be better? And how can we be more efficient and more targeted and have a more granular response to these challenges? The first 1000 days of a child’s life are so critically important, and that will have a big difference and a big impact upon the life that child leads as an adult. We want people to reach their potential; we want them to lead meaningful and fulfilled lives. We do not want them to become frequent flyers in our justice system. You know? We do not want them, because they have got a learning disability, to be excluded from meaningful economic participation. We do not want to have a situation where we say, ‘Because you’re neurologically diverse at the age of five there’s no place for you in the economy in 15 years time’. There are so many opportunities, and it is intoxicating when you contemplate all the opportunities that lie before us. But we have got to make these critical investments now. We have got to invest in our people, and we have got to invest in the technology.

As I said earlier, I think that it is about process redesign, it is about getting the culture right and it is about investing in ICT, and I think getting those three elements together in harmony and unity means that we are going to be really efficient and really effective. I think that is what the people want from us. We can embrace this challenge, or we can have it imposed upon us. We can embrace this challenge and all that it entails with an eye to the future of what public sector administration will look like in 2030, or we can squib it. But people are not stupid, and people have expectations of us. As we have seen this year, people expect government to respond when they are in crisis. When there is a problem and there is a challenge, they expect a government to be nimble and to be responsive to their needs. I am really proud of the efforts of the VPS throughout this year and the public sector more broadly in terms of meeting those responses head-on. This is about increasing our capacity. This is about making really important investments now so we can be better, we can be more nimble and we can be more agile. And it is about being collaborative. Again, before the coronavirus, could you have contemplated the idea of having a surge capacity where you would have members of the public service going from one department to backfill another? It would not have been done before, but it has been done now.

Ms RICHARDS: Thank you.

The CHAIR: Thank you, Minister. I will hand to the Deputy Chair, Mr Richard Riordan, MP.

Mr RIORDAN: Thank you, Chair. Look, that all sounds marvellous, Minister. We are going to revolutionise Victoria with technology. So with that in mind, as you pointed out in the presentation, there is \$195.9 million over the forward estimates to establish the new agency Digital Victoria—just what we need, another agency. What specific functions is this agency expected to perform, and will these functions differ from the government's existing IT systems: Cenitex, Service Victoria, the Victorian Centre for Data Insights and the behavioural insights unit? With all this efficiency we are having, how is it dovetailing with all the efficiency we have already got?

Mr PEARSON: Well, I think, Deputy Chair, it is about recognising that we are already spending money on ICT and digital services today, but it is a question of: is this the best that we can be, and is it the best that we can do? I think with Digital Victoria, with the investments that we are making, it is about trying to ensure that we have got the capacity to work in a collaborative way with other departments and agencies to improve their operational efficiencies.

Mr RIORDAN: Can you give us a specific example of what it is going to do?

Mr PEARSON: Yes. I think if you are looking for examples, some of the work that we would be looking at is having a single digital presence, which I have spoken to, which is about trying to make sure that we have got a consistent digital offering. I think there is also capacity there to look at trying to find a way in which we can have a more streamlined offering in terms of corporate services. For example, Deputy Chair, as I indicated in my previous evidence at one of the hearings, you would appreciate that we tend to have a fairly devolved structure in public sector administration in Victoria. By that I mean historically each department would have its own HR function, each department would have its own finance function and each department would tend to go its own way. Now, we have got better in recent times in the sense that we tend to have a consistent provider, but we have still got those functions housed in different agencies and departments. I think what it is trying to find is: how can you try and have a better and more efficient way and remove some of that duplication in relation to which of those services are provided—those corporate services functions?

Mr RIORDAN: So are we removing duplication in the \$195.9 million?

Mr PEARSON: Well, I think one of the things we would be looking at would be in terms of some of those corporate services functions and thinking about: do we need to have some of those services duplicated in each of the departments, or could you do it in a more streamlined and simplified way?

Mr RIORDAN: Right. You were talking earlier to my colleague about how the vulnerable child in its first 1000 days was going to have a better life because of this investment. I have only heard you talking about making it easier for public servants to navigate the system. How is that?

Mr PEARSON: Mr Riordan—sorry, Deputy Chair; I did not mean to demote you then—in order to think of where we want to go into the future, we have to start making these investments now. So if you contemplate a future where you want to be more nimble, more agile, more responsive in terms of providing better services to

the citizens, well, you have got to start making the investments now and starting that journey now. It is about trying to look at that process of digital transformation, so it is the start of a journey. With the committee's indulgence earlier, I guess I was trying to point to a personal aspiration of mine of where I would like to see some of these things go in the future, but in order to get there we have to start making these sorts of investments now.

Mr RIORDAN: Yes, okay. All right. I am not entirely sure what the 195 is actually going to do.

Mr PEARSON: Well, it is going to be looking at, as I indicated, a single digital presence. It is going to be looking at trying to work with departments and agencies—

Mr RIORDAN: Just on the term 'single digital presence', I mentioned before Cenitex, the Victorian Centre for Data Insights' behavioural insights unit—are you talking about getting rid of all of those and just having—

Mr PEARSON: Sorry, I am sorry—

Mr RIORDAN: Like what is a single—

Mr PEARSON: I am sorry, Deputy Chair. When I talk about a single digital presence, I mean to have almost a bit like a single website where people will go to get information from the government. It is almost like a skin. It is a bit like what the commonwealth has done with Services Australia. You have got a presence which is an outward-facing website and that then might divert you to different arms of government, but it provides a consistent message and it means that you have got a consistent place to go. In the future you do not want people going, 'Oh, well, I've got to do my licence' or, 'I've got to get information about getting my kid a learners permit; I'll go to the VicRoads website', or 'I want to get information'—

Mr RIORDAN: Just out of interest, I guess using that example through the recent COVID crisis, did you by chance happen to try and access the DHHS website?

The CHAIR: Deputy Chair, is this related to the scrutiny of the budget papers?

Mr RIORDAN: Yes. Absolutely, because he is telling me about how he is streamlining to a central thing. I am just asking did you happen to access—

Mr PEARSON: Yes, Mr Riordan. Not in my capacity as a minister of the Crown but as the state Member for Essendon in terms of engaging with my constituents. Yes, I accessed that website.

Mr RIORDAN: And does that give you inspiration that it could be better?

Mr PEARSON: I had a satisfactory citizen engagement with that website. I got the information that was required, and I informed my constituents on the issues at hand.

The CHAIR: Mr Riordan, the minister is not here to answer your questions as a constituent—

Mr RIORDAN: No, but he is just talking about simple access.

The CHAIR: he is here to answer questions in relation to scrutiny of the budget, so if you could please form your questions in that way, that would be appreciated.

Mr RIORDAN: Well, fair go. We got one question out of him last time. He is sort of having wide remit. I am just trying to get a clear example of what might be better. So you said a single access for the Victorian public—

Mr PEARSON: Yes, single digital presence.

Mr RIORDAN: That is the one that most Victorians have probably integrated with or engaged with in the last six months. I would say it is probably the most used website Victorians have experienced. You think it is a good system. You would not be looking to transform that one?

Mr PEARSON: So, Deputy Chair, I am not trying to—

The CHAIR: Sorry to cut you off there, Minister, but the Deputy Chair's time has expired. I will pass the call to Mr David Limbrick, MLC.

Mr LIMBRICK: Thank you, Chair, and thank you, Minister and team, for your presentation on this portfolio. I asked a question last week in Parliament about issues with cybercrime and privacy around the rollout of QR codes with the government's new system that Service Victoria is, I believe, dealing with, and the response sort of concerned me a bit because the government was not sure whether it should be the health minister or the consumer affairs minister or you. What I am wondering is: what sort of issues are you looking at to protect against this sort of criminal use of QR codes? There has been a lot of concern from the IT sector about hijacking of these codes and setting up fake government-looking websites to harvest people's personal details and also concerns about the privacy of this information that is being stored.

Mr PEARSON: Thank you, Mr Limbrick, for your question. From the government's perspective, we are taking this very seriously in terms of the way in which we handle citizens' data. As I indicated in a previous comment, it is about building citizen trust. We want citizens to engage positively with us. We want them to have a positive experience and for it to be well received, because the more that they engage with us, the better we will get. And the more we engage with citizens, the better our service will be.

In relation to some of these questions, we are following the privacy-by-design principles, which is embedding user privacy into the very design and architecture of the project. This means that we are proactively managing privacy risks rather than responding to them to change a product to address privacy issues as they come to light.

What we have done in terms of the product: we have built the product around 10 information privacy principles, IPPs, which are at the core of the Victorian *Privacy and Data Protection Act 2014*. These are set out as the principles we are being guided by: data collection, use and disclosure, data quality, data security, openness about how the data is managed, data access and correction, identification, anonymity, data flows and sensitive information. We have engaged the VGSO, the Victorian Government Solicitor's Office, to test the design against the charter of human rights. When the data comes to DHHS from either the Service Victoria app or private QR providers, DHHS stores it securely and consistent with the *Privacy and Data Protection Act 2014*.

The other point to make—and it is an important one—is the data encryption standard that we have used is AES-256, which makes it virtually impregnable. So using a powerful supercomputer it would roughly take 27 337 893 trillion trillion trillion trillion years of brute force to hack open the encryption.

Mr LIMBRICK: It is good to hear that there is a lot of focus on privacy, but the QR codes themselves have a fundamental problem in that they can easily be hijacked. I mean, we have tested this in my office. You can make a QR code that looks like any other one and no-one can tell the difference and it redirects to another website that looks like a government website but is not. How does a citizen know that the QR code is actually directing them to a legitimate website? I have not seen any communications to people. QR codes are being used everywhere, and yet I have not seen any communication to people saying, 'Well, this is how you know this is a real government website' and, 'This is how you know you're about to be ripped off'.

Mr PEARSON: In terms of the government QR code, we have been really explicit in terms of the information we have communicated to the public about the fact that the data is stored for 28 days and then it is deleted, that it is safely housed, that is not going to be on sold, that it is not going to be used for any other purpose, that it is only retained after 28 days in the event that there is a positive case and it is needed to be used—

Mr LIMBRICK: But if the QR code is physically hijacked, it will never even go to the government website. That is the main concern I think here in that you can just make a sticker and put it over the top of another sticker and it would never go to the government website.

Mr PEARSON: You are asking me a hypothetical and you are asking me about what might happen with a private sector company that has downloaded this QR code and put it up. I would respond by saying in terms of what we are responsible for and what we have done. We have done things to ensure that the QR code is safe and that privacy is respected and privacy is protected. We have really thought very hard about getting this right. I guess probably the other point to make is for those businesses that use the site, I would encourage them—and

I suppose I would use this opportunity as a plea to them—to ensure that they ensure that the integrity of their QR code and their printout is adhered to and is monitored carefully and closely.

The CHAIR: Sorry to cut you off there, Minister, but the time has expired for consideration of this portfolio. We thank you and your offices for appearing before the committee today to discuss these matters. The committee will follow up on any questions taken on notice in writing, and responses are required within 10 working days of the committee's request.

The committee will now take a short break and resume at 6.55 for the consideration of the creative industries portfolio with you. Thank you.

Witnesses withdrew.