

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2022-23 Budget Estimates**

Melbourne—Monday, 16 May 2022

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor



**WITNESSES**

Mr Danny Pearson MP, Minister for Government Services,

Mr Jeremi Moule, Secretary,

Mr Michael McNamara, Chief Executive Officer, Digital Victoria,

Ms Jo de Morton, Chief Executive Officer, Service Victoria, and

Mr Toby Hemming, Deputy Secretary and General Counsel, Department of Premier and Cabinet.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

We welcome Minister Pearson again, this time for the government services portfolio, and officers from his department. We invite you to make an opening statement of 5 minutes, and this will be followed by questions from the committee.

**Mr PEARSON:** Thank you, Chair.

**Visual presentation.**

**Mr PEARSON:** A key focus of the government services portfolio is driving Victoria's digital transformation agenda. Victorians expect government services to be intuitive, integrated and convenient, and these expectations will only grow as technology advances. The COVID-19 pandemic showed us how much Victorians rely on digital technology enabling us to connect with others and use services remotely. Our digital transformation agenda is accelerating and based on three key pillars: delivering better, fairer and more accessible services for Victorians; secondly, creating a digital-ready public sector; and finally, growing a thriving digital economy.

Digital Victoria and Service Victoria work in partnership to realise these outcomes. Service Victoria is responsible for the delivery and operation of government transactions and services, and over the past 12 months Service Victoria have achieved a number of milestones which speak to their reach and recognition in the Victorian community. It is now second nature for people to click on the orange button when they are on their phone. As you can see on the slide, the Service Victoria key achievements show that Service Victoria is growing, and this growth will only continue. That is why we have invested \$99.8 million in Service Victoria in this year's budget to build on the services already available to make things easier for Victorians and Victorian businesses. This investment will support Service Victoria to move even more services online, because we know that reducing the paperwork burden is important to individuals and businesses. Service Victoria will also continue their work with local councils to streamline and digitise more approval processes and permits.

As the Minister for Government Services and Minister for Regulatory Reform, it is great to see so many synergies with the portfolio. Digital technology is a great tool to streamline processes and cut out unnecessary red tape. And digital services can also be a great enabler to drive change. An example of this is Service

Victoria's work supporting our renewable energy agenda, with solar panels for businesses, solar heating and cooling rebates, and solar installer registrations.

Turning now to Digital Victoria, Digital Victoria sets the strategic direction for the government's digital transformation agenda, coordinates digital initiatives across departments and agencies, and identifies opportunities for savings and efficiencies. Digital Victoria's focus is on making sure the Victorian government realises the opportunities that digital transformation brings. Over the past 12 months Digital Victoria has been moving at pace to drive digital initiatives. I was pleased to launch our digital strategy 2021–26 late last year, and the response from departments and agencies as well as industry has been overwhelmingly positive. This strategy is an important signal to the community that we value and recognise the importance of digital technology and the opportunities it brings to drive innovation and find new ways of working. Digital Victoria is leading initiatives in a number of areas, including Single Digital Presence, which was funded an additional \$29.2 million in last year's budget to consolidate more government websites. Their work also includes streamlining corporate platforms and enhancing our data capabilities, including through Insights Victoria, which received \$4.4 million in this year's budget.

Cybersecurity is a priority for our government, and that is why last year we released our second cyber strategy, backed by an investment of almost \$51 million. Similar to the digital strategy it focuses on three key areas: the safe and reliable delivery of government services; a cyber-safe place to work, live and learn; and a vibrant cyber economy. We are tackling cybersecurity from all angles, including with our free TAFE course on cybersecurity and a new pilot course with the Australian Women in Security Network to encourage more women into cyber roles. We are partnering with Box Hill TAFE to provide pathways for recent cyber graduates into the Victorian public service.

It is a really exciting time to think about the future and where digital is going. As I indicated in my previous hearing, one of the challenges with a Westminster system of government is at times finding the ways to be able to coordinate activity across a number of different departments and agencies. But digital is the way of the future, and the investments that we can make now are going to drive significant tangible benefits for the citizens going forward. It is about making sure that citizens can have the very best experience they can when they engage with us, because when they engage with us at high volumes, high levels, then we will improve our operational efficiencies, we will improve the citizen experience and it will lead to significant and better tangible outcomes. It is an exciting agenda. I recognise that it is going to be ongoing for many years, but it is really important that we are taking these key steps to really improve the citizen experience and put the citizen at the centre.

**The CHAIR:** Thank you, Minister. Mr O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Minister, you talked earlier this morning with respect to public servants working from home and in the office that the hybrid model is here to stay. Can I ask from a cybersecurity and data security perspective to what degree is data security compromised with so many staff working from home?

**Mr PEARSON:** Sure. I might ask Mr McNamara to supplement my answers. I believe that because it is not a case of bringing your own device to work, people are on a network and that network is secure through a secure login.

**Mr D O'BRIEN:** I guess the bottom line, and perhaps Mr McNamara might say is: is there any heightened risk or is it exactly the same as if they were sitting in the office?

**Mr McNAMARA:** It is exactly the same. Thank you, Mr O'Brien, for your question. The network that folks use at home is the same network that they would use—access via a VPN. It is as secure as working in the office, and all of our colleagues in the office are bound by all of the security controls that we have in place generally.

**Mr D O'BRIEN:** Okay. So if I am working on a government laptop in my office or at home in Broadmeadows—

**Mr PEARSON:** No change.

**Mr McNAMARA:** No change. Exactly the same.

**Mr D O'BRIEN:** Is there any additional training or IT costs for staff working from home?

**Mr McNAMARA:** No additional training above and beyond what they would get in the office. There is a comprehensive program that supports onboarding of staff. They need to comply with all of the usual controls you would expect for onboarding new employees, but beyond that nothing different.

**Mr D O'BRIEN:** What about IT costs? Is there anything additional that is required to ensure the security of data and the work that public servants are doing when they are at home?

**Mr McNAMARA:** Considering that the network is an extension of the existing network and all of the tools are the same—the laptop, the controls, the logins—there are no additional costs or training required.

**Mr D O'BRIEN:** Okay. There were payments through the pandemic for public servants working from home. Are they still receiving those?

**Mr PEARSON:** No. They ceased, I think, May of last year.

**Mr MOULE:** Yes. I would have to check the dates specifically, but it was early last year.

**Mr D O'BRIEN:** So there is nothing ongoing. If you are working from home, and you are full-time from home, you cover the costs of your electricity, your data et cetera?

**Mr PEARSON:** I think there was an initial payment of \$100 when it started, when people first started working from home, and that was in recognition that people might need to buy their own paper, by their own pens, and I think there was a payment of around about \$20 a week. But I am happy to provide additional information to the committee, Deputy Chair, on these points. But those payments ceased I thought it was about May of last year.

**Mr MOULE:** I can supplement that.

**Mr PEARSON:** Sorry. Mr Moule is happy to supplement, Deputy Chair.

**Mr MOULE:** Mr O'Brien, at the time that public servants and other workers were required to work from home had we applied the existing work from home policies that were in place at that time, which were fairly generous for the small number of people who would otherwise have worked from home, the cost would have been very significant. After discussion with the union, the CPSU in particular, it was agreed that it would be more efficient and significantly cheaper to go down the path of having a stipend for a short period of time. At the point at which it was safe for workers to predominantly return to the office, or at least those restrictions to be lifted at a stage last year, by that stage departments had updated their work from home policies to reflect the circumstances we are in now and for people that are able to claim through the ATO-type of system for expenses incurred at home.

**Mr D O'BRIEN:** Okay. So no-one in the public service is getting any payments now?

**Mr PEARSON:** I have just confirmed with my notes: we started it in March 2020, which was the one-off payment of \$100 for home office expenses and \$20 per week for home consumables and utilities. That allowance ended in May of last year, Mr O'Brien.

**Mr D O'BRIEN:** Was there a hardware cost? Presumably not everyone in the public service had a dedicated laptop they could take home.

**Mr McNAMARA:** We operate primarily off laptops and surface devices. That was supplemented where necessary, but I do not think it was any additional cost.

**Mr D O'BRIEN:** Okay. Could I perhaps ask you to take on notice whether there was an additional cost across the public service to enable people to work from home.

**Mr McNAMARA:** I will take that on notice.

**Mr D O'BRIEN:** Thank you. Minister, you talked about the \$99.8 million for Service Victoria, which is listed on budget paper 3, page 104. It is about 'enhancing customer experience with more digital services for Victorians'. Why can't Victorians get their drivers licence on a digital platform?

**Mr PEARSON:** Mr O'Brien, we are looking at onboarding a number of different transactions and a number of different licences onto the Service Victoria platform, and I think that from our experience we are in conversations and discussions with the Department of Transport and other departments and agencies about a whole range of matters.

**Mr D O'BRIEN:** Is it an active project now?

**Mr PEARSON:** Look, conversations are occurring between Service Victoria and Transport on these matters, and that work is ongoing.

**Mr D O'BRIEN:** When will Victorians be able to get them? South Australia has had digital drivers licences for five years. You can get a fishing licence online, but you still cannot get one in Victoria. Four million New South Wales drivers have got their licence through the Service NSW app. Why can't we get it in Victoria?

**Mr PEARSON:** Look, that work is ongoing. The way I reckon to best picture Service Victoria is Service Victoria is a bit like a warehouse. You get your goods and supplies from our variety of providers into the warehouse, and then it gets distributed to the end user, being the citizen. So these conversations between our—

**Mr NEWBURY:** Our warehouse is empty, that is the problem.

**The CHAIR:** Mr Newbury, could you please not interrupt.

**Mr PEARSON:** In terms of these questions, these questions are ongoing and discussions are ongoing with the Department of Transport about working with them in developing this. But I think if you gaze forward into the future in terms of over coming years, you will have more and more of these transactions onboarded, including a digital drivers licence. I think that is—

**Mr D O'BRIEN:** Is any of the \$99 million allocated towards actually bringing drivers licences online?

**Mr PEARSON:** Well, I think in terms of the squads that we have got working at Service Victoria, they will be performing—

**Mrs McARTHUR:** Squads?

**Mr PEARSON:** That is the term, 'squads', yes. The squads we have got at Service Victoria—we have got a number of those squads working on a number of projects.

**Mr D O'BRIEN:** Are drivers licences one of them? That is the question I am asking.

**Mr PEARSON:** Well, conversations are ongoing in relation to public transport on these questions. I mean, ultimately it is a Department of Transport credential that we will need to look at digitising and onboarding with the Service Victoria app, but we will continue those conversations with the Department of Transport on these questions.

**The CHAIR:** Thank you, Minister. Mr Richardson.

**Mr RICHARDSON:** Thank you, Chair. And thank you, Minister and department representatives, for joining us today. I just want to take you, Minister, through Service Victoria further. Maybe we will get to 'squads'—we will see how we go. But I refer you to budget paper 3, page 104. Last year you advised our committee about the government's investment of around \$67 million to Service Victoria. I note that the government has expanded that, and in your presentation you referred to a near \$100 million investment in this year's budget. Are you able to tell the committee how this investment will make things easier for Victorians and Victorian businesses?

**Mr PEARSON:** Yes. Thanks, Mr Richardson. We established Service Victoria as the state's dedicated customer service agency to make it easier for Victorians to get things done with government by offering

modern services designed around people's needs. When I talked to you earlier about putting citizens at the centre, that is what it is about—putting citizens' needs front and centre in terms of how we can improve the offering. In the last two years there is no doubt we have been relying upon Service Victoria more than ever before to make sure that we can stand up the capabilities to support our health response.

I was really excited that we were the first state to go live in the app store with the ability to add your COVID-19 digital certificate to the app, and about 6.1 million certificates were added to the app. Now, this was a huge achievement because we were able to get people's vaccination certificates, which are held in a mainframe computer, which is the Australian immunisation register. Mainframe computers are probably in excess of 20 or 30 years old. So it is a really old piece of infrastructure but that can hold up these bulk certificates, and we were able to link that with the Service Victoria app, which is leading-edge technology, to seamlessly link the ability for people through a secure digital token to download their vaccination certificate onto their Service Victoria app. It is something we were the first to do in the nation. During the course of the pandemic it was constantly about improving the user experience, and we were getting great feedback from citizens about their expectations. That is why we looked at making more than 20 updates to the app. It was about adding that kiosk function, so if I am running a business and someone comes in and they do not have a smartphone I can add them in for contact-tracing purposes. It was about the fact that—and you would have seen this with your family, Mr Richardson—you could check in your kids when you were going out. You had the ability to hide your vaccination status if that is what you wanted to do. So it was about trying to really make it easier for people to get around and support the vaccinated economy.

We were also able to make sure that it was easier for people to access travel and community sport vouchers, so those travel vouchers—140 000 travel vouchers were issued in 39 minutes when they opened to everyone on 23 March. Around 27 500 applications were submitted in a 1-minute period with an average of 420 submissions per second, so if you think from a load-bearing capacity it really withstood an incredible amount of load in order to get that through, and the user experience was good.

It has been about trying to really manage those issues, and I think in terms of the way forward we are looking at onboarding more of those transactions, like the Get Active Kids voucher program and the Victorian sick pay guarantee. With the sick pay guarantee, this is about an end-to-end process from the application right through to payment, so technology is going to be really at the centre of our work in this space. There are now more than 80 services available on the Service Victoria platform, and that includes applying for a solar rebate, renewing your car rego and getting your fishing licence. Customers have completed over 1.1 billion transactions through the Service Victoria platform, and last year Service Victoria added business licensing to the platform—because we know, again, it is really important for Victorian businesses.

This is something I am really proud of, and as per evidence I gave in the previous session, looking at the automatic approvals for Casey council to enable trainers to work in parks so they can start training clients immediately—that, I think, is really important, and I think when we can try and test, refine and improve the offering we can then roll it out. If you think about it for a moment, once you have developed a solution once for Casey, the marginal cost to roll that out across the other 78 councils is relatively minor, yet the benefits are quite significant for the end users. The wonderful thing about digital is that you can get that feedback, you get how many star ratings, you are getting feedback directly from people and it is real time. It is not like the old days where, 'Tell us what you think, write a letter, go to the post office, get a stamp, put it in the mailbox and wait for a response'. It is live and it is happening, so that I think is really important, Mr Richardson. Digital will increasingly be at the forefront of public sector administration in this state and other jurisdictions going forward.

**Mr RICHARDSON:** I think without some of the changes that were experienced during the pandemic a lot of people would not have that recognition or understanding of Service Victoria, so it has been an interesting change. I want to take you to the recent amendments to the *Service Victoria Act*. I am wondering for the committee's benefit if you could provide a bit of an overview of those changes and how this will deliver more transactions with that increased investment.

**Mr PEARSON:** Yes. What we wanted to do with the Service Victoria app was to make it more reflective of and responsive to the times which we are living in. So it is recognising the fact that the role for Service Victoria has evolved and changed and that demand for services has increased. It means that Victorians can get more things done with the government.

The definition of customer service function and identity verification functions were onboarded, meaning that we could by rights deliver more of those transactions under the Act. It meant that we were able to deliver digital tokens that allow customers to access, use and rely on these tokens as evidence of an official government document. Those secure digital tokens are really important, because they validate and they verify the fact that it is a real document, and I think that gives that level of trust, that people can transact with that level of confidence.

So this year's budget investment will allow Service Victoria to digitise a range of licences and registrations over the coming months, because we know that Victorians are increasingly expecting things to be delivered digitally. Indeed we can get a more consistent citizen experience through a digital solution. We can look at improving those levels of efficiency. The amendment also clarifies that customers can rely on and use an electronic identity credential issued by Service Victoria as evidence that they have successfully verified their identity. Service Victoria was also the first state government agency in Australia to create a 100-point ID check on a mobile phone. Over 150 000 Victorians have been saved the time and effort of standing in line to verify their identities. It is just intuitive, it is common sense, but it is about trying to find those ways in which you can really put the citizen at the centre, and they can have a better experience. We have also made it easy for Service Victoria to work with departments and agencies. As more digital services become available, the departments and agencies are increasingly looking to Service Victoria to design and deliver their transactions. So, it is a really exciting time in this space, and I think that increasingly more and more of these transactions will be onboarded and will be provided by an online platform.

If you think for a moment—I mean, I love spending my time on PAEC; I learned a lot when I was in this committee—about the way in which a government governs and the notion that you have got those statutory obligations that you have got to acquit, you have got those registration or those licensing requirements that you have got to acquit. You also got, though, service delivery and you have also got that sort of strategic thinking. Now, AI is not at the stage where you can turn around and you can use AI for strategic thinking, but you can certainly, I think, look at using digital to enhance that citizen experience and look at driving those greater levels of reforms and efficiencies and improving the citizen experience.

Service Victoria—I think we want to make sure that the legislation runs at pace with community expectations and needs, that we have got the ability to increasingly onboard more and more of these transactions more effectively and that we can also then look at allocating more of a focus to areas like that strategic thinking or in relation to service delivery. Digital will be increasingly really important to all the things that we do, and I think that is something that we should absolutely embrace and run really hard at, because I think that we all should be really proud of what has been achieved to date. And I think that technology played such a really vitally important role in terms of providing that level of protection and comfort that people needed as we started to sort of emerge from elements of the pandemic, and it will continue to do so.

So the digital transformation agenda is here. It is here to stay. It is something I think we all should embrace and really look to the future with a degree of hope and confidence.

**The CHAIR:** Thank you, Minister. Mr Hibbins.

**Mr HIBBINS:** Thank you, Chair. Thank you, Minister and your team, for appearing. I want to ask about Service Victoria. When Service Victoria was originally established, two sets of transactions were supposed to be part of Service Victoria. One was land registration and title services. The second was VicRoads transactions. Now, the land titles office was obviously privatised, and they no longer appear on Service Victoria. VicRoads is now being prepared for privatisation, and only a small part or portion of those transactions are now on Service Victoria. Why is the government choosing the revenue from privatisation rather than having the full benefits of Service Victoria and those transactions appearing on Service Victoria.

**Mr PEARSON:** Well, I think in relation to the registration and licensing matter you refer to, that is the subject of a live tender process at the moment, Mr Hibbins. I would not want to say anything that could in any way cause issues with that particular transaction. Obviously in relation to the issues around land titles, that was a matter that was determined in the previous Parliament. I was not a minister at that stage and I was not involved in those discussions, so I am at a bit of a disadvantage both from a probity perspective but also from a historical perspective. I think what I would say, Mr Hibbins, is that we recognise the fact that there are a number of other transactions that citizens engage the government with both in terms of either an identity

credential or a registration—and I use that term in the loosest possible way—and in relation to payments. If you think about it, they are the three key things that citizens will often engage the state government with. There are a plethora of transactions that can be onboarded, and the government will look at onboarding more of those transactions. In relation to some of the broader questions, governments will always try to work out what is in the best interests of the taxpayer and will be guided by those issues as well.

**Mr HIBBINS:** So can I ask in relation to VicRoads: is there a chance then, with the part privatisation, similar to the land titles office, that no licence and registration functions would be offered through Service Victoria?

**Mr PEARSON:** Again, Mr Hibbins, I am very mindful these processes are currently live. I do not think it would be appropriate or prudent as a minister of the Crown to be uttering anything in this forum that could in any way breach probity in relation to a live tender process or to do anything that might potentially give a commercial advantage to one bidder over another. That process is on foot, that process will resolve at some point in time in the future and at that point in time we will have further things to say.

**Mr HIBBINS:** I think everyone agrees with the remit of Service Victoria in terms of offering a single place, but then at the same time New South Wales is offering licences and registration—a significant number of transactions. Yet to have other private sector involvement and that number of transactions then taken off Service Victoria would seem quite contradictory.

**Mr PEARSON:** I would not agree with you that it is being taken off Service Victoria. I think that the government is considering onboarding a whole range of transactions. One of the things I have learned as the Minister for Regulatory Reform is just the volume of engagement that citizens have with government across a myriad of portfolios. I think if you tried to count the number of licences that the government issued, it would be a very, very large number. I am really ambitious for Service Victoria and Service Victoria's future. I have got every confidence that we will be able to onboard more and more transactions and enhance the citizen experience.

**Mr HIBBINS:** Are there any options being prepared for any private sector involvement—privatisation or part privatisation—in Service Victoria?

**Mr PEARSON:** Look, the government is focused on building up and developing the competencies and the capabilities of Service Victoria. That is our primary objective at the moment. We want to get more and more transactions onboarded to increase the value proposition of Service Victoria as an entity. It is very much about putting the citizen at the centre, and it is about getting more and more of those transactions onboarded as a priority. So that is my focus at the moment, because I want to get more of this onboarded and to improve the citizen experience accordingly.

**Mr HIBBINS:** Thanks, Minister. Thanks, Chair.

**The CHAIR:** Thank you, Mr Hibbins. Thank you, Minister. That concludes the time we have set aside for the consideration of the government services portfolio with you today. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a short 5-minute break before consideration of the creative industries portfolio with you.

**Witnesses withdrew.**