

# **NSW Taskforce on Data, Digital, and AI Speech**

## **Topic: Technology Take Up and Government**

**4 October 2023**

It is good to be here and a pleasure to address the NSW Taskforce.

This is an excellent initiative and an important legacy of the former Coalition Government.

I welcome this opportunity to talk about a few topics that are of mutual interest to those in attendance.

Let me begin by saying that IT is key to delivering better government – the NSW Government with Victor Dominello as Minister showed that with the suite of digital reforms that he implemented, such as the Service NSW app, FuelCheck app and the establishment of the NSW Data Analytics Centre.

But often there are misunderstandings between government and the IT sector. I'll come back and speak more on that later.

As Shadow Minister for Government Services and the Digital Economy at Commonwealth level, it is very clear to me just how far behind the Commonwealth is when it comes to digital service delivery, especially in comparison to NSW, which leads the nation.

The current Albanese Labor government seems actively hostile to private sector tech expertise, with some noteworthy examples being the firing of 1000 tech workers, and the dumping of Serco, a specialist call centre provider. The latter has had devastating impacts on Centrelink telephony and call wait times, which have skyrocketed since Labor took office.

I want to acknowledge NotCentralised, who made the connection for me to be here today.

I got to know this company when I set out to meet some of the participants in the RBA's trial of central bank digital currency.

NotCentralised came up with the clever idea to use the blockchain to solve the problem that, in the construction sector, all too often the head contractor goes out of business and leave subcontractors, for example plumbers and electricians, unpaid.

Their idea was to make the payment in a digital escrow. Then once the requisite condition is met – for example a certifier says the plumbing work has been done – the funds flow.

There were several other great projects involved in the trial. These include Fintech company Imperium Markets which led a project showing that bonds and deposits can be traded and settled instantly. The trial also allowed Fintech company Monoova to identify ways to improve transparency and speed and minimise counterparty risks of FX transactions into Australia.

I also want to acknowledge NSW Chief Data Scientist Ian Oppermann – who has been a remarkable leader in deploying IT to support good government. He did particularly outstanding work during the pandemic when the NSW Government was a world leader in using big data to monitor and manage this public health challenge.

Let me turn to the interface between government and the tech sector.

As mentioned, they sometimes seem to be speaking two different languages.

But where you can work successfully with government, the outcomes can be great – in both commercial and public policy terms.

Let me start by looking at AI as a case study of differing perspectives.

Tech sector people I would suggest look at AI and say this is not a step change but a continuation of a trend underway for many years.

AI is already widely used in consumer facing services without controversy, for example serving up suggestions to you on Spotify or YouTube or Amazon for your next song or video or book, based on data about your previous choices, and data about the choices made by tens of millions of other people.

But the way government is thinking about it is heavily influenced by the media.

Journalists saw Chat GPT 3 and 4 and got into a panic – worried it is going to take their jobs.

Before long politicians started calling for more regulation.

In my view, this approach misses the real public policy issue for Australia – how do we make sure we have enough AI expertise and in turn AI-leveraging economic activity in Australia?

There is evidence of an AI skills shortage in Australia, with Professor Anton van den Hengel of Adelaide University pointing out there are only around 200 PhDs a year in Australia focused on AI.

I recently met leaders from the Australian office of beauty company L’Oreal – and I was taken aback when they mentioned their company employs data scientists. What this demonstrated to me is that, regardless of industry, the economy is changing rapidly, and Australia needs to keep up.

It is important to demonstrate the public benefits of AI – and that it’s not taking jobs but rather allowing the humans to be redeployed to their highest value uses.

In the healthcare sector, for example, AI algorithms can mine medical records, design treatment plans or create drugs much faster than current offerings.

AI is increasingly used to help radiologists interpret scans more quickly and accurately and in larger volumes. In recent months I have met with both

Australian company Harrison.ai and Australian researcher Prof Michael Barrett about the work each of them is doing in this area.

In a recent study, PWC argues that AI can transform the GDP and productivity of economies.

One of the most exciting areas in my view is the way AI can improve the productivity of governments – which today frankly is a black hole. A good example is Australian start-up Trellis Data which has developed artificial intelligence tools to scan shipping containers coming into Australia for biosecurity risks.

In a two-week trial period, with the cameras scanning containers from multiple angles in just four seconds, more than 1.7 million images of containers were analysed, with four per cent of containers having pests that needed to be removed.

Under the current approach, only about three per cent of all goods can be inspected manually. By using AI, more containers get inspected, more quickly, and the humans can then focus their efforts on a more detailed examination of the containers which the AI tool has flagged as presenting a risk.

Let me turn in the last part of my remarks to some thoughts about the interface between the tech sector and government.

How can the tech sector work more effectively with government to achieve its procurement and business objectives?

Let's begin by looking at the different roles of government.

Firstly, there is the role of government as a purchaser.

Governments are major users of technology. If we look at the ATO, Department of Social Services, DHS/Centrelink/Services Australia – each of these organisations employ technology to improve both backend and frontline service delivery. Examples are myGov, and the ability to complete a series of transactions online. Or the ATO’s Single Touch Payroll project.

Service NSW and the work of the former NSW Coalition Government is another case in point. Their technological advancements on projects such as the Digital Driver Licence, required cutting edge technology.

Politicians play a primary role in setting frameworks, but the purchase decisions are typically made by Department Secretaries or CIOs – or panels of such people – in the public service.

A feature of the Commonwealth system is that it is very decentralised – individual CIOs of agencies such as the ATO and Defence are powerful. They make significant procurement and purchasing decisions, with limited central influence.

The Digital Transformation Agency was supposed to set priorities centrally – but the power of individual departments meant that it largely failed. This is a key factor behind digital service delivery at a Commonwealth level lagging NSW by a considerable margin.

Secondly, there is government as a policy maker. An area of public policy that are relevant to those in the audience include privacy, digital identity digital currency, health policy (such as the digital health record), online safety, AI and cyber security.

While there may be differing levels of advancement and attention for these policy areas, all of them in due course will create procurement opportunities, or opportunities to sell software to companies that need to be compliant with government rules.

Obviously, policies can boost or suppress markets, and create or destroy demand for products.

Thirdly, there is government as a funder of initiatives. This can include typical funding programs for industry like department grants as well as partnership opportunities. A good example is the NBN. \$29.5 billion of taxpayers' money was an investment of sufficient scale to completely transform fixed line telecommunications in Australia.

I should acknowledge that sometimes government plays catch up when the industry horse has bolted.

Uber and taxi regulation is a useful case study. Australian consumers embraced popular platforms like Uber long before they were legalised by state government transport departments. Governments were left to work out how to address the angst received from taxi operators. The former NSW Coalition Government provides a good example of how this was done, with their CTP Green Slip reforms which, among other benefits, slashed green slips for taxi operators by thousands of dollars.

Online safety is another good example of where the government had to play catch up. The rise and popularity of social media has brought with it many advantages, but it has also resulted in an increase in cyber bullying, especially among young people. I had the opportunity to lead reforms that resulted in the creation of the eSafety Commissioner, a world leading model on how to improve online safety for young people. The government legislated the eSafety Commissioner in 2014, and we introduced a new Online Safety Act in 2021.

Let me conclude by making some remarks on how the tech sector and businesses should engage with government.

You need to pitch to different portfolios, and do so at both the political and bureaucratic levels. While you may have a simple proposal, you may be surprised at how many agencies have skin in the game.

There are various stages in the government process that offer opportunities – such as inquiries by parliamentary committees; inquiries run by Departments; and reviews headed by an outside expert.

If a relevant opportunity arises to participate in these, I encourage you to do so. It's a good way to better understand government and connect with decision makers.

When it comes to government procurement processes, it is often most fruitful to get in before the formal procurement. If there's a discussion paper stage – and in my view this is almost always good practice for government – then pitch your ideas at that stage, to help shape what government then goes to market to procure.

You can use media including social media to raise awareness of your technology.

You can also try and find MPs who can be champions for your causes. MPs are as diverse as our society, with a range of interests. You might realise that a particular MP or MPs share your cause's objectives and have a mutual interest in advancing it through government.

Thank you again for inviting me to speak today. I am grateful for the opportunity, and I look forward to connecting with you again soon.