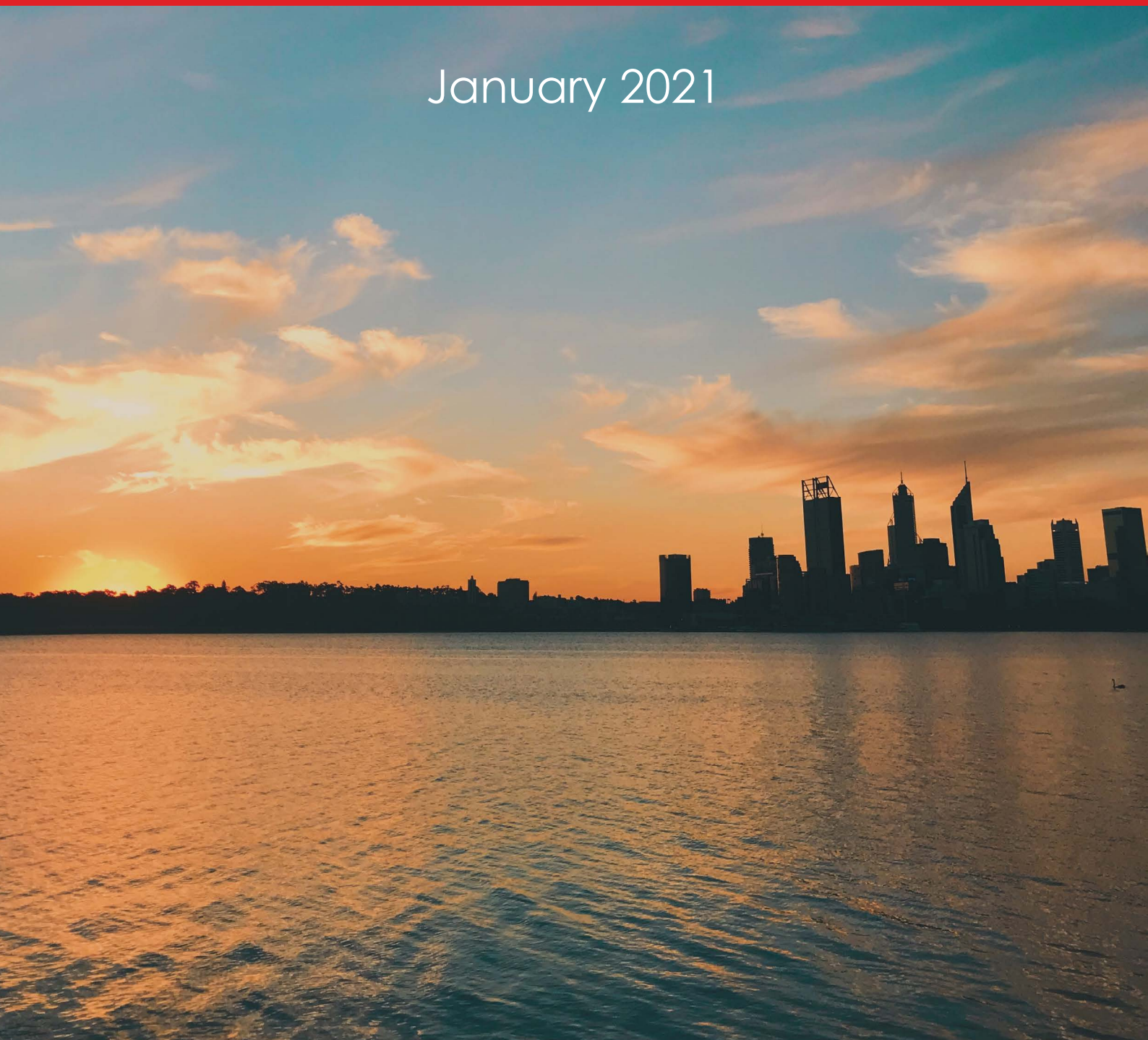![aiia australian information industry association]

AIIA Western Australia Pre-Election Policy Statement

January 2021

AIIA Western Australia Eight Point Plan

A Pre-Election Submission

EXECUTIVE SUMMARY

The AIIA welcomes the opportunity to present this submission in the lead up to the 2021 Western Australian State Election. Our views are aligned with contemporary thinking around industry development and economic growth, being the creation of jobs, upskilling of the workforce, maximising the impact of expenditure, and creating opportunities for development within regional communities.

Eight key recommendations form the basis of our submission, they are:

1 That the WA Government make the cabinet-level appointment of a Digital Industry Minister with a mandate to consult with industry to develop an integrated strategy over the coming 12 months that drives the modernisation of digital services throughout WA.

2 That the WA Government continue to drive the development of online service portals for the delivery of both essential and non-essential government services. This includes an ambitious target wherein all WA state government agencies mandate the delivery, across the next two years, of key services to the public via a digital platform.

3 The introduction of an open procurement process for Government, which allows all public cloud providers, including local WA companies to compete equally. WA will have an environment of competitive marketing for public cloud services and a local platform for public cloud providers within 12 months to generate competition on price and quality of service.

4 As part of recovery roadmap government looks at the opportunities presented by digital technology, both in new projects and integrated within existing project commitments.

5 That in 2021/22 the WA government ensure that major spending initiatives include a commitment towards digital capability. The inclusion of a digital taskforce for the MetroNet project is an example of this approach.

6 That the government review the state payroll taxation framework, acknowledging both the positives and negatives of our taxation system, with the goal of securing a system that works to foster an enabling environment for local businesses.

7 The WA Government makes it a priority in 2021/22 to work with the AIIA on an industry engagement program designed to create a pipeline of digital industry initiatives in support of regional growth and economic diversification within WA. A focus of this program can be the roll out of digital Skills Hubs to drive workforce participation in regional communities.

8 In response to the forecast growth in the workforce, AIIA is keen to build on the existing positive relationships in terms of ensuring that training support has the appropriate focus on digital technology, cyber security and data science.

Introduction

This pre-election platform has been prepared in advance of the Western Australian State Election on 13 March 2021. Our submission is progressive in its approach, with the objective of placing the Western Australian economy ahead of the curve when it comes to the challenge of digital transformation within a rapidly evolving environment; for businesses, governments, and the community.

If ever there were a time to highlight the capabilities of the technology sector, it has been the COVID-19 pandemic.

COVID-19 has reinforced the critical role digital technologies play to support the Australian economy but has also driven the sector to make changes that would normally have taken years to implement in mere months.

As an example, WA Health introduced the **Safe WA** app in early December 2020 [1] as part of its contact tracing strategy, allowing for wider and safer access to hospitality and community venues eager to resume normal trading and build patronage. The simple app, based on QR code scanning technology, demonstrates the seamless fashion in which digital technologies continue to act as a critical enabler across all economies.

Within Australia's digital inclusion index,[2] Western Australia ranks 4th, with the clear capability to overtake highly regarded NSW within the timeframe of the next state budget.

There is high concentration of the state's workforce living within the capital city. This provides a foundation on which to develop WA's digital capability especially around industry hubs and collaborative networks. The development of the ECU campus on a site in inner city Northbridge/ Yagan Square reinforces a forward-thinking approach towards education, skills development, and innovative planning.

Yet there remain disparities. Census data for 2016 (the latest available) showed WA was well below the Australian average, for its share of ICT workers within the total workforce.

Table 3.1: Share (%) of ICT workers in the total workforce, 2016*

	NSW	Vic	QLD	SA	WA	Tas	ACT	NT	Aus
Greater capital city area	8.1	7.3	5.5	4.5	4.2	4.3	10.9	3.1	6.6
Rest of state/territory	2.0	1.9	2.0	1.0	1.0	1.7	NA	1.6	1.8

By working with the AIIA and its industry partners, there is a recognised capacity for WA to achieve a growth in jobs in the coming years, with a focus on regional growth and improvements in skills. As we head towards an election in 2021, the AIIA is calling for the Cabinet-level appointment of a Digital Industry Minister with a mandate to consult with industry and develop a legislative program that drives the modernisation of digital services throughout WA.

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1   https://www.watoday.com.au/national/western-australia/cafe-bar-check-ins-to-be-mandatory-in-wa-from-december-5-20201125-p56hx6.html
2   https://digitalinclusionindex.org.au/wp-content/uploads/2019/10/TLS_ADII_Report-2019_Final_web_.pdf, Telstra, 2019

We have proposed 8 key recommendations for Western Australia. These provide a platform for industry growth consistent with several key strategies, including the diversification of the WA economy and support for local businesses, in both metropolitan and regional communities.

AIIA's Eight Recommendations for WA

INTERDEPARTMENTAL DATA SHARING, PROFILE, AND COLLABORATION

There is a is a continual need to improve the Public Sector commitment to data sharing, analytics, and data protection.

The Office of Digital Government (DGov) has recognised this strategic objective and in August 2020 published the policy paper *Western Australian Information Classification Policy* and several guidelines in support.[3] The AIIA supports the intent of this policy, but remains concerned that within a fast-moving environment, wherein information technology is often the agent of changed, the lack of focus on collaboration and digital enablers is holding the public sector back.

Government, while investing in several worthwhile digitisation projects, has not mandated a whole-of-government strategic policy, with Directors-General often making their own decisions in isolation.

Government continues to be challenged by a siloed approach; one example is that the Department of Finance runs government procurement including ICT procurement, in isolation from the Office of Digital Government.

The AIIA has been working to enhance collaboration and harmonisation, but this should be formalised with appropriate budgets and coordinating powers brought under a dedicated Digital Industry Minister, with the appointment helping drive a greater focus on this policy and digital service delivery for West Australians and any requirements for enabling legislation. States such as NSW have led the way in this best practice approach with the appointment in 2019 of the Minister for Customer Service.[4]

> **RECOMMENDATION 1**
> That the WA Government make the cabinet-level appointment of a Digital Industry Minister with a mandate to consult with industry to develop an integrated strategy over the coming 12 months that drives the modernisation of digital services throughout WA.

3   https://www.wa.gov.au/sites/default/files/2020-08/Information%20Classification%20Policy%20June%202020.pdf
4   https://www.innovationaus.com/dominello-gets-new-delivery-ministry/

DIGITAL SERVICE DELIVERY

The acceleration in digital platform take-up brought about by Covid-19 continues to demonstrate the latent capacity across so many business sectors and government agencies for the digital delivery of services.

This capacity came into sharp focus with the evolution, almost overnight, of online medical services, brought about by the protocols for community lockdowns and social distancing. Whilst far less acute in WA, due to our success in managing the pandemic, we need to acknowledge that the health sector has experienced a fundamental transformation in service delivery. In a period of less than 12 months, key players including the AMA and the Federal Health Minister acknowledged that the sector had moved forward so rapidly that by November last year more than 40 million medical consultations had been completed online. The platform is now firmly established as fundamental to the medical services sector.[5] The WA government is also a stakeholder in a national platform Health Direct, partnering with other states and territories to deliver a nationwide free health service.[6] This service is Chaired by respected WA digital strategist and company director Jane Muirsmith.[7]

Last year, the state government rolled out the ServiceWA initiative in Bunbury, providing a one stop shop at which citizens can access – via both personal and digital platforms – a total of 85 different '*everyday services*' from agencies including Transport, Justice, Regional Development and the Police.[8] At the federal level, the MyGov portal is now well-established, and was a major focal point for the delivery of income support via JobKeeper and JobSeeker.[9]

Many other services, beyond the established registration, infringement and licencing regimes noted above as '*everyday services*', can be accessed across digital platforms. They now clearly include health services, the ever-evolving education services from primary to tertiary learning, homeless and displaced persons and key elements of the courts system, to cite just a few.

Further, the flexibility of an ever-improving digital capacity throughout the economy, along with improvements in internet access within regional and remote communities, offers the state government a capacity to continue the roll-out of the ServicesWA model to a wider variety of regional and remote communities, who – together with the government – benefit from the savings and efficiencies generated by the consolidation of services in the one place.

The AIIA supports the continued development of the ServicesWA initiative – both its scope of services and the rollout of centres to a wider number of regional communities.

> **RECOMMENDATION 2**
> That the WA Government continue to drive the development of online service portals for the delivery of both essential and non-essential government services. This includes an ambitious target wherein all WA state government agencies mandate the delivery, across the next two years, of key services to the public via a digital platform.

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5   https://www.smh.com.au/politics/federal/skipped-a-decade-tele-health-to-become-permanent-after-success-during-pandemic-20201127-p56ik0.html
6   https://www.healthdirect.gov.au/
7   https://about.healthdirect.gov.au/our-board
8   https://www.wa.gov.au/government/announcements/servicewa-reform-government-service-delivery-western-australians
9   https://business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business
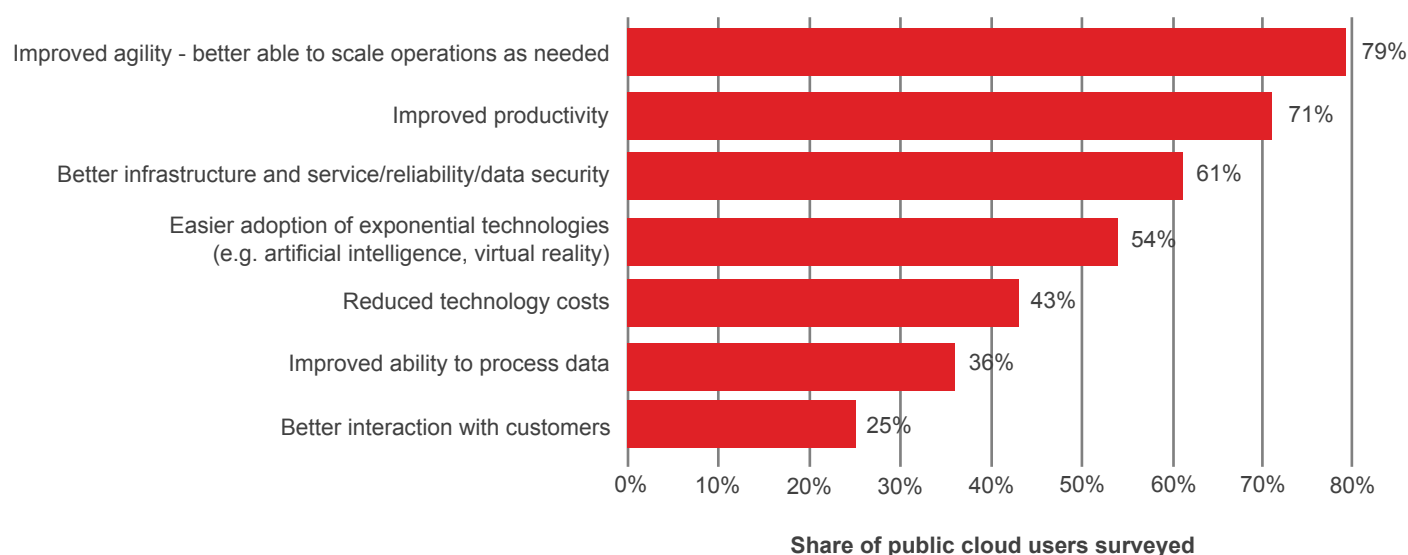
PUBLIC CLOUD – A COMPETITIVE ENVIRONMENT

> *Cloud represents a significant opportunity for the Western Australian Public Sector to stop paying to run its own computing hardware, and pay only for what it needs —with greater security and flexibility as a result.*
>
> **— WA Whole of Government Cloud Policy Sept 2018**[10]

The benefits of Cloud computing have been established for some time, based on cost savings, portability, flexibility in design and modification and services that are increasingly mobile-friendly. Current government policy aims to establish the expectation across government **that cloud services should be adopted in favour of traditional, own-and-operate ICT solutions where appropriate**.[11]

These benefits, notably those yielded by portability, have been brought into sharp focus over the past 12 months during Covid-19, with the requirement across both the public and private sectors to transition seamlessly to offsite workforces.

Chart 2.2 Main benefits of cloud experienced by agencies surveyed

Benefit	Share
Improved agility - better able to scale operations as needed	79%
Improved productivity	71%
Better infrastructure and service/reliability/data security	61%
Easier adoption of exponential technologies (e.g. artificial intelligence, virtual reality)	54%
Reduced technology costs	43%
Improved ability to process data	36%
Better interaction with customers	25%

Share of public cloud users surveyed

Source: https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-value-public-cloud-services-australia-220319.pdf

WA has previously delivered a closed panel arrangement for many Cloud based services. In an age where the Cloud provides capabilities around storage, open software, and the development and online delivery of proprietary applications, it is imperative that WA moves to a common use arrangement for public cloud.

> **RECOMMENDATION 3**
> The introduction of an open procurement process for Government, which allows all public cloud providers, including local WA companies to compete equally. WA will have an environment of competitive marketing for public cloud services and a local platform for public cloud providers within 12 months to generate competition on price and quality of service.

10   https://www.wa.gov.au/sites/default/files/2018-09/Cloud%20Policy%20Supplementary%20Guide%20and%20Toolkit.pdf
11   https://www.wa.gov.au/government/publications/cloud-policy

MARKET-LED PROPOSALS

A review of the Infrastructure WA website notes that, notwithstanding the focus on capital initiatives, there was little explicit reference to projects driving digital enhancement within the State.

The WA Government's recovery roadmaps can be diversified to add an emphasis on the digital services sector – moving beyond the reliance on 'hard hat' thinking to moving towards "click-ready" projects.

The resources sector and major public infrastructure expenditures can provide a catalyst for ICT spending, maximising the level of job creation and the overall economic benefit.

AIIA member Cisco wrote a submission highlighting that the government is investing in tangible infrastructure projects but not its counterpart – digital infrastructure. It is accepted that the "jobs of the future" will not be generated by paving another road or building another bridge, however necessary the maintenance of such infrastructure is for our society.

Aligned to this, the CSIRO published a report in 2019 on Artificial Intelligence (AI) revealing a shortage of tens of thousands of AI skilled workers.[12] With the high portability of work within the digital industries and a focus by all states and territories on job creation, the WA government should continue to engage with industry and to take opportunities to be a first mover when it comes to the uptake of technology.

> **RECOMMENDATION 4**
> As part of recovery roadmap government looks at the opportunities presented by digital technology, both in new projects and integrated within existing project commitments

EARLY ENGAGEMENT WITH INDUSTRY

The AIIA supports the current WA strategy for delivering economic recovery based on a proactive approach to government spending, both in capital infrastructure and business-as-usual (**BAU**) services. Coupled with the federal investment through Jobseeker and Jobkeeper, our state continues to play a leading role in economic management and growth.

The latest *Commsec State of the States Report* indicates that there is little to separate NSW, South Australia, Queensland, and Western Australia in terms of economic performance – with the comparatively smaller economies of Tasmania and the ACT leading the overall indicator. Of note, WA (20.4%) was behind only Victoria (23.2%) in the nominal change in annual economic growth. Given this data was for the quarter ended June 2020, and Victoria went on to experience another debilitating lockdown, it is not unreasonable to presume WA might now be leading this key index.[13]

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12   https://data61.csiro.au/en/Our-Research/Our-Work/AI-Roadmap
13   https://www.commsec.com.au/content/dam/EN/Campaigns_Native/stateofstates/October2020/CommSec_State_of_the_States_October_2020.pdf

There is an opportunity to consolidate our recovery through a platform of early engagement and the early integration of ICT service providers into major (infrastructure) spending. Waiting until it is too late in the project lifecycle or operating under the narrow assumption that the technology and expertise is either not locally available or is always provided by a foreign multinational is counter to the 'buy local' ethos that will lead to local job creation outcomes and fails to maximise the impact of such expenditure.

The government should work with AIIA and the DGov agency to identify opportunities for local ICT providers to be integrated within several major capital projects to further maximise the value-add associated with the stimulus. Examples include transport commitments such as the wide-ranging MetroNet program,[14] the continued development of autonomous vehicle technology and the showcase ECU Campus in Yagan Square.

One suggestion is the incorporation of Chief Information Officer within the MetroNet executive or the development of an ICT Taskforce for MetroNet indentifying opportunities for local businesses and identifying ICT synergies that could be delivered across the projects.[15]

> **RECOMMENDATION 5**
> That in 2021/22 the WA government ensure that major spending initiatives include a commitment towards digital capability. The inclusion of a digital taskforce for the MetroNet project is an example of this approach.

PAYROLL TAX REVIEW

The AIIA is in step with several industry bodies, including the CCIWA,[16] in supporting a push for a review of the State's payroll tax regime. Fundamentally, a review needs to steer a path towards a greater level of harmonisation for the tax across all states and territories.[17]

To its credit, the McGowan Government has shown a willingness in the past 12 months to implement changes aimed at providing both relief for business, particularly those within the SME sector and steps towards harmonisation. The March 2020 COVID-19 response included an announcement that the Payroll Tax threshold would lift to $1m as of 1 July 2020, bringing forward a planned reform not due until 2021. Further relief was provided via a one-off grant of $17,500 as a rebate for businesses with a payroll between $1m and $4m.[18]

The reform (changes in the threshold) and the relief measure (rebate), whilst acknowledged, highlight the burden associated with this tax for small to medium enterprises. In an industry which remains both highly competitive and highly portable, especially amongst SMEs, ongoing harmonisation of the Payroll Tax Regime is a structural reform that will ultimately work in the interest of all states and territories.

14   https://www.mediastatements.wa.gov.au/Pages/McGowan/2021/01/METRONET-delivering-for-local-businesses-and-local-jobs.aspx
15   https://www.metronet.wa.gov.au/about#about
16   https://cciwa.com/media-statements/jobs-tax-relief-would-heighten-was-competitiveness/
17   https://www.payrolltax.gov.au/harmonisation/payroll-tax-rates-and-thresholds
18   https://www.mediastatements.wa.gov.au/Pages/McGowan/2020/03/COVID-19-economic-response-Relief-for-businesses-and-households.aspx

> **RECOMMENDATION 6**
> That the government review the state payroll taxation framework, acknowledging both the positives and negatives of our taxation system, with the goal of securing a system that works to foster an enabling environment for local businesses.

TRAINING AND THE DIGITAL DIVIDE

The AIIA national industry white paper supports the key principle of *Building a National Digital Backbone*, whereby government and industry collaborate to drive investment and policy towards the greater regionalisation of government services and industry.[19]

It is a policy approach that resonates strongly within WA and underpins key economic strategies such as Diversify WA[20] and the jobs target of 30,000 regional jobs by mid-2024.

Amongst Australian states and territories (excluding Canberra/ACT), WA has one of the highest concentrations of population within its capital city of Perth. Nearly 80% of our population live in Perth, with concentration continuing to grow. Australia-wide, the concentration is around 66%.[21]

Growing regional economies will not just happen because of growth in the resources sector, but rather through a proactive approach to job creation that extends beyond mining.

In just the past 12 months, we have seen the capacity for working-from-home improve exponentially with standard communications practices challenged by the adoption of technology. Now is the time to invest wisely in regional areas, capitalising on the conditions post-COVID-19 and leveraging the technological change that has been rapidly embraced to ensure Western Australia is not left behind.

Deloitte forecasts an annual of growth rate of 3.1% p/a in the technology workforce, which could see the sector employing 1 million Australians before the end of this decade.[22] In response the AIIA is working with federal and state governments to help develop ICT skills through industry lead training programs. Working in collaboration with industry partners, Queensland and NSW TAFE and the Commonwealth, the AIIA will launch our first digital skills hub in January 2021. The platform will focus on cyber security and IT innovation and will link ICT training needs of industry and employees with VET, tertiary and industry digital courses.

We are aiming for a national roll-out, tied into the federal government commitment of $7 billion in budget expenditure to ensure Australia has a leading ICT industry.

There is a capacity to develop outcomes that meet the direct needs of states and territories.

19   https://aiia.com.au/__data/assets/pdf_file/0017/103562/Building-Australias-Digital-Future-in-a-Post-COVID-World-AIIA-Whitepaper-2020.pdf
20   https://www.wa.gov.au/organisation/department-of-the-premier-and-cabinet/diversify-wa-economic-development-framework
21   https://www.abs.gov.au/statistics/people/population/regional-population/latest-release
22   https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-australias-digital-pulse-2020-230920.pdf

In Western Australia this could be a targeted approach to deliver the Digital Skills Hub training initiative to regions, especially those with existing VET and tertiary institutions.

Another focus could be the roll out of a Digital Skills Hub within the state's public sector workforce, with a focus on AI, Cloud computing, information and communications (NBN) and cyber-security. The strategic approach towards regionalisation and a series of key recommendations, particularly around training, are outlined more fully in the national industry white paper produced by AIIA.[23]

RECOMMENDATION 7
The WA Government makes it a priority in 2021/22 to work with the AIIA on an industry engagement program designed to create a pipeline of digital industry initiatives in support of regional growth and economic diversification within WA. A focus of this program can be the roll out of digital Skills Hubs to drive workforce participation in regional communities.

RECOMMENDATION 8
In response to the forecast growth in the workforce, AIIA is keen to build on the existing positive relationships in terms of ensuring that training support has the appropriate focus on digital technology, cyber security and data science.

TECHNOLOGY CONVERGENCE

Looking forwards we can see the convergence of six emerging technologies, creating new market value, and displacing existing products and services. These technologies are driving changes impacting industries and business models as well as life, society, and the environment. Amongst them is cyber security, which is an area of under-investment in WA. Cyber security is critical to protecting industry, individual and government data and building trust in digital systems for their early adoption. As part of the convergence, the application of machine learning and artificial intelligence for cyber security is going to become more prevalent in dealing with the massive amounts of data that is being collected.

As we look forward, the Government should work with the digital industry in Western Australia (and beyond) to focus on key areas such as Cyber Security, Artificial Intelligence, Big Data and Analytics, Automation, the Internet of Things and 5G & Wifi 6.

THE AUSTRALIAN DIGITAL INDUSTRY

Digital technologies form the backbone of the modern Australian economy. The Australian technology sector makes an economic contribution of $122 billion, or 6.6% of GDP, making it the 6th largest contributing standalone industry.[24] Tech workers also earn 47% more than the average Australian worker and are 60% more productive. Tech services exports are worth $3.78 billion.[25]

23   https://aiia.com.au/__data/assets/pdf_file/0017/103562/Building-Australias-Digital-Future-in-a-Post-COVID-World-AIIA-Whitepaper-2020.pdf
24   https://www2.deloitte.com/au/en/pages/economics/articles/australias-digital-pulse.html
25   https://alphabeta.com/our-research/australias-digital-opportunity-growing-a-122-billion-a-year-tech-industry/

However, the AIIA views technology as an enabler across all sectors, so its true benefits and scale are in fact much greater and embedded across core sectors such as government, defence, agriculture, health, and mining.

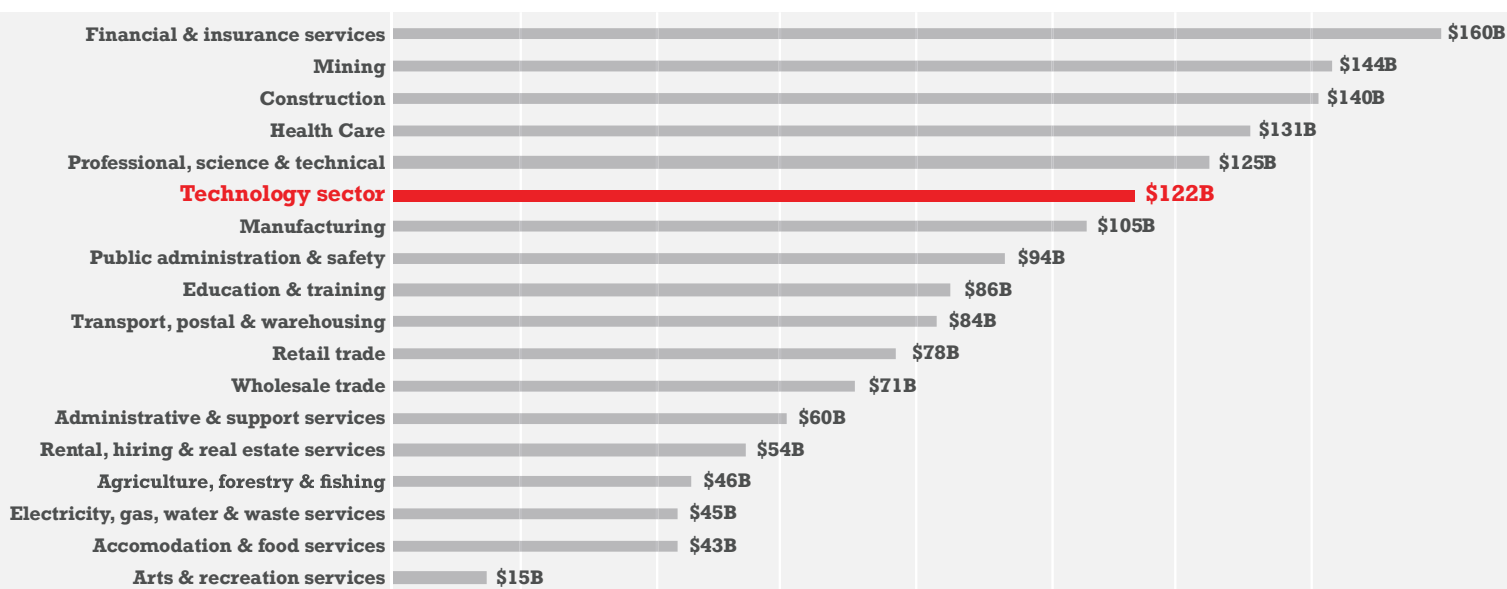This was never more evident than during the past 12 months dealing with Covid-19.

Within the federal sphere, millions of workers were able to carry on working, continue getting paid and keep their companies afloat through the power of technology.

Many of these workers were also government workers transitioning to work-from-home arrangements enabled by videoconferencing and coworking platforms. More than $130 billion has been made available by the JobKeeper stimulus, whilst the JobSeeker welfare payment was increased by $200 per fortnight during 2020 for more than one million Australians who were suddenly out of work. Key DHS and ATO systems saw applicants urgently processed using existing technology capabilities that were in place with the ATO and the online portal MyGov. The speed with which these payments were processed in Australia led every other nation across the globe, who were employing similar emergency funding arrangements.

Just like power, water, transport and defence infrastructure, the technology infrastructure of our nation represents sovereign capabilities that are increasingly critical to both our survival and our success. We unpack the concepts of sovereign capabilities and the digital backbone of our economy at length in our White Paper: *Building Australia's Digital Future in a Post-COVID World*.

IF THE TECH SECTOR WERE AN INDUSTRY IT WOULD MAKE THE SIXTH LARGEST CONTRIBUTION TO AUSTRALIA'S GDP

INDUSTRY CONTRIBUTION TO AUSTRALIA'S GDP, GROSS VALUE ADD $B 2018

Industry	Contribution
Financial & insurance services	$160B
Mining	$144B
Construction	$140B
Health Care	$131B
Professional, science & technical	$125B
Technology sector	$122B
Manufacturing	$105B
Public administration & safety	$94B
Education & training	$86B
Transport, postal & warehousing	$84B
Retail trade	$78B
Wholesale trade	$71B
Administrative & support services	$60B
Rental, hiring & real estate services	$54B
Agriculture, forestry & fishing	$46B
Electricity, gas, water & waste services	$45B
Accomodation & food services	$43B
Arts & recreation services	$15B

Industry contribution to Australia's GDP, Gross Value Add $B 2018

About the AIIA

The Australian Information Industry Association (AIIA) is Australia's peak representative body and advocacy group for organisations in the digital ecosystem. Since 1978 AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for members and to contribute to Australia's economic prosperity.

We do this by delivering outstanding member value, by providing a strong voice of influence; building a sense of community through events and education; enabling a network for collaboration and inspiration; and developing compelling content and relevant and interesting information.

Our members are diverse and truly represent the diversity of the Australian tech ecosystem and include Australian SMEs and larger technology, telecommunications and infrastructure and cloud companies as well as hyper-scale cloud and multi-national software and SAS providers.

Our structure is inclusive, with State Councils in five states and the ACT, including a Western Australia Council that provides direction and support for businesses, large and small.

This submission is informed by a policy platform that is both national in its outlook and ambition for the Australian industry and focussed on its approach to outcomes specific to the WA landscape. We welcome to opportunity to work with all parties on a forward-thinking agenda.

January 2021

Australian Information Industry Association
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