

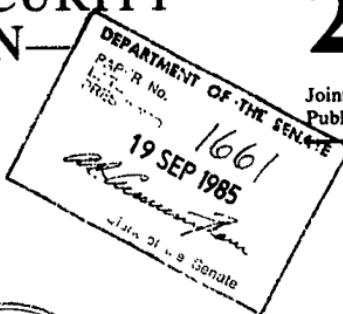


DEPARTMENT OF SOCIAL SECURITY STRATPLAN— Response

Report

237

Joint Committee of
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

237TH REPORT
DEPARTMENT OF SOCIAL SECURITY
STRATPLAN - RESPONSE

FINANCE MINUTE ON THE COMMITTEE'S
225TH REPORT

STRATPLAN - DEPARTMENT OF SOCIAL SECURITY
ADP RE-EQUIPMENT PROGRAM: FIRST REPORT

Australian Government Publishing Service
CANBERRA 1985

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DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

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PREFACE

Arrangements to ensure that appropriate action is taken in response to comments contained in the Committee's Reports have been in operation since 1952 although they have been reviewed periodically. These were known as Treasury Minute arrangements.

Following the creation of the Department of Finance on 7 December 1976 it was agreed that the arrangements should continue as before but should be known as the Department of Finance Minute.

As they now stand the procedures are:

1. The Report of the Committee is tabled by the Chairman in the Senate and by a Member of the Committee in the House of Representatives. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
2. The Chairman of the Committee thereafter forwards a copy of the Report to the responsible Minister and to the Minister for Finance with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with the Committee's conclusions.
3. The reply received, in the form of a Department of Finance Minute, is then examined by the Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible as a Report to the Parliament.
4. Should the Committee find during its examination of a Department of Finance Minute that certain recommendations are not fully dealt with or are subject to a further Minute, it holds an exploratory discussion with officers of the Department of Finance prior to the submission of the Minute to the Parliament.
5. In reporting a Minute to the Parliament, the Committee, except in special cases does not usually make any comment other than to note recommendations not fully dealt with or subject to a further Minute.

6. When the Committee next examines the Department concerned the Department of Finance Minute is considered by the Committee if applicable.
7. The Department of Finance furnishes the Committee with a half-yearly report on outstanding Minutes, indicating the progress made in dealing with the Committee's comments.

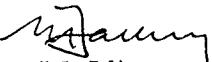
In accordance with the procedures outlined above, this report documents the Department of Finance Minute which was submitted in response to the Committee's 225th Report.

For and on behalf of the Committee,



Senator G. Georges

Chairman



M.J. Talberg

Secretary
Joint Committee of Public Accounts
Parliament House
Canberra ACT
23 August 1985

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CHAPTER 1

INTRODUCTION AND COMMITTEE COMMENTS

1.1 The Committee's 225th Report, its first report on Stratplan, the Department of Social Security's major ADP re-equipment program, was tabled in the Parliament on 18 October 1984. The report was presented in two volumes. The first contained an appraisal of Stratplan; the second contained appendices to the report dealing with occupational health and safety aspects of the use of visual display equipment. A summary of the report appears in Chapter 2.

1.2 The Committee's twenty six conclusions and its seventeen recommendations, together with the Government's response in the Department of Finance Minute, appear in Chapter 3.

1.3 The report represented the outcome of the first phase of the Committee's ongoing monitoring of Stratplan. It dealt only with those matters on which the Committee has asked the Department of Social Security and other relevant agencies to provide advice. The Committee intends to pursue outstanding matters during the next phase of its inquiry and will provide a further report to Parliament.

1.4 The purpose of the report was twofold:

- to bring to the Parliament's and Government's attention any continuing areas of concern in the implementation of Stratplan and recommend appropriate action; and
- to identify any past deficiencies or difficulties in the formulation and implementation of Stratplan and to make recommendations as to how these might be avoided in any future major ADP re-equipment programs.

1.5 The second objective of the report is of particular relevance to the Committee's standing reference to scrutinise and report on future major ADP acquisition proposals by Commonwealth departments and agencies staffed under the Public Service Act 1922. Under this reference the Committee will, with the benefit of experience acquired during its previous ADP related inquiries into MANDATA and Stratplan, be endeavouring to identify difficulties or deficiencies in ADP re-equipment programs prior to their commencement.

General Comments

1.6 The responses appearing in the Department of Finance Minute at Chapter 3 were provided through the Minister for Finance by the Minister for Social Security on the advice of officers within his Department. His Department had convened a number of interdepartmental meetings between officers from the Departments of Finance, Local Government and Administrative Services, Social Security and the Public Service Board to prepare a joint response to the Committee's 225th Report.

1.7 The Committee has some concerns about the form of presentation of the Finance Minute which may have been a consequence of the above procedures. While most of the recommendations in the Committee's report were directed at the Department of Social Security, a number of recommendations were clearly directed at other government agencies. However, in only two instances (Recommendations 2 and 16) have direct and clearly attributed responses been provided by the relevant agencies. In those other instances where clearly attributed responses were not provided (eg Recommendations 4 and 7), the Committee is left in some doubt as to whom they should be attributed.

1.8 The Committee appreciates the reasons why the Department of Social Security took a leading role in preparing a response to the Committee's report. However, the Committee expects that where its recommendations clearly identify other agencies responsible for their implementation, those same agencies will provide a direct and clearly attributed written response in the Finance Minute.

1.9 There are several matters dealt with in Report 225 of the Committee for which satisfactory responses have not been provided. However, because of the on-going nature of the Committee's scrutiny of Stratplan, the Committee has decided to proceed with the tabling of this Finance Minute Report while noting these outstanding matters and the action it is taking on them. The Committee will be pursuing these matters through submissions and hearings during the next phase of its monitoring and report on Stratplan.

Occupational Health and Safety Standards

1.10 Occupational health and safety issues associated with the use of keyboard and screen-based equipment were of major concern to the Committee during the first phase of its inquiry. It was clear that the absence of satisfactory standards for screen-based equipment and in particular, eyesight tests and radiation emissions, was one major source of industrial disputation and delay in the project. In addition the poorly defined respective responsibilities as employers, of the Department of Social Security and the Public Service Board for the negotiation and promulgation of occupational health and safety standards have also caused confusion and delay.

1.11 The Committee notes that the question of eyesight tests and radiation emission tests has been resolved in the case of Stratplan, but is concerned that this 'piecemeal' approach to 'standard' setting may result in the application of standards elsewhere in the Australian Public Service which have not been tested and negotiated in a service-wide framework.

1.12 The Committee does not consider that these matters should be resolved on a case by case basis by individual departments. Nor does it consider the Public Service Board's role should be restricted to issuing guidelines or 'advisory standards'. It considers that the dimensions of the problems associated with keyboard and screen-based equipment in the Australian Public Service are such that urgent action must be taken by the Public Service Board to deal with them on a service-wide basis.

1.13 The Committee welcomes the establishment of the National Occupational Health and Safety Commission (NOHSC) with its responsibilities for developing standards for occupational health and safety. However it notes that the Commission has only a research and advisory role and does not at this time have the power to prescribe and enforce standards.

1.14 The Committee does not therefore believe that the establishment of the NOHSC is in itself sufficient to resolve these occupational health and safety problems associated with keyboard and screen-based equipment. Although the promulgation of service-wide standards in some areas must await NOHSC investigations and advice, the Committee believes that the Public Service Board still has at this time the responsibility for establishing, through negotiation with staff associations, service-wide standards for occupational health and safety, and for promulgating and enforcing these. The Committee notes the commitment made by the Minister for Employment and Industrial Relations in Parliament on 23 April 1985 when introducing the National Occupational Health and Safety Commission Bill 1985, that additional legislation to afford occupational health and safety protection to Commonwealth employees will also be introduced this year. The Committee will await this development with interest.

1.15 The Committee is aware that the Public Service Board's Taskforce on Repetition Strain Injury (RSI), and the NOHSC's interim report on RSI have now been issued, and that the recommendations of the review of keyboard classifications undertaken by the Public Service Board are imminent. The Committee is seeking submissions from these organisations on inter alia, actions resulting from these reviews and clarifying their respective responsibilities in relation to the development and promulgation of standards.

1.16 The Committee is also concerned that the resources available to the NOHSC in the short term may not allow it to act appropriately on the urgent occupational health and safety issues associated with keyboard and screen-based equipment now being referred to it. The Committee is seeking a clear indication from the NOHSC of its priorities and in particular, the priority it accords to an examination of the hypothesis known as visually evoked responses in photosensitive persons.

Implementation Strategy and Contingency Planning

1.17 The Committee made several recommendations in Report 225 which presumed a phased introduction of Stratplan products whereby they would be tested and proven in New South Wales before being introduced elsewhere on a State by State basis. The response from the Department of Social Security indicated that this original implementation strategy has been changed, and that Stratplan products will now be implemented concurrently in New South Wales, Queensland and Tasmania. No reasons have as yet been given for this change.

1.18 The Committee is seeking advice on the reasons for this alteration. It is also requesting further advice from the Department of Social Security on the progress of the contingency plans currently being developed by the Department of Social Security, but which the Committee recommended be completed before implementation proceeded beyond New South Wales.

Staff Consultation

1.19 The Committee's report indicated concerns about inadequate consultation with, and dissemination of information to, staff and staff associations. It has noted the measures taken by the Department to improve the distribution of timely information to all staff about progress and alterations to Stratplan. The Committee notes that an Industrial Agreement has now been ratified between staff associations, the Department and the Public Service Board which should provide a more stable industrial environment for the implementation of Stratplan up to 1990. However, the Committee is seeking further advice on the nature and level of staff associations' continuing participation in Stratplan's implementation and in particular, the recommended attendance of staff association representatives at the Stratplan Implementation Group's weekly progress meetings.

Offsets

1.20 At the time the Committee tabled its report it appeared that two of the successful contractors had not met their offset obligations. It now appears that all agreed offsets obligations will be met. The Committee's concern was that in future, offsets agreements be signed prior to contracts being let. This should improve the negotiating power of Government purchasers to secure greater benefits for Australia's industrial development. The

Committee will be pursuing this question further in the context of its consideration of the Auditor-General's Efficiency Audit Report on the 'Administration of Offsets Policy'.

Project Financial Management

1.21 The Committee was informed during its public hearings that an on-line, computer-based financial management system for Stratplan was under development. The Committee considered that the completion of this system was vital to satisfactory budgetary control and the cost effective implementation of Stratplan. The response from the Department of Social Security does not state that the financial management system has been completed. The Committee repeats its request that it be completed as a matter of urgency and is seeking prompt advice on the matter from the Department of Social Security.

Project Costs and Benefits

1.22 During the first phase of its inquiry the Committee was unable to obtain clear and confident information about Stratplan's current projected total cost, including all attributable staff costs. The latter would appear to be a substantial component of total project costs and one area where unanticipated system development and support needs have resulted in considerable cost escalation. The Committee recommended in its report that a review of total project costs be undertaken and requested a submission on this matter as soon as the review was completed. The Committee is still awaiting that submission.

1.23 The Committee was also presented with mutable information about the benefits asserted to result from Stratplan and in particular the cost savings resulting from staff savings. The Committee does not refute that considerable benefits should flow from Stratplan in the form of improved client service, greater system reliability and more rapid implementation of Government initiatives. However, the Committee has no doubt that in addition to these benefits, the assertion of considerable staff savings was a significant factor influencing the previous Government's assessment of the cost effectiveness of Stratplan during the early stages of the project's development. The estimates of the staff savings up to 1990 have varied widely from the original 2,700 in the 1981 Strategic Plan to a net 800 referred to in the Job Impact Statement of February 1985.

1.24 The Committee also notes that only a small part of these staff savings will be achieved during the first four years of Stratplan's implementation. The major part of these staff

savings will result from the implementation of Stratplan products eg. on-line update for client assessment information, which the Committee understands are currently not scheduled for introduction until after 1988.

1.25 The Committee is therefore concerned that the cost effectiveness of Stratplan should be comprehensively reviewed so that staff savings, reductions in overpayments, and other asserted benefits are fully characterised and where possible, quantified. It is confident that a range of output/performance measures can be developed which will provide both the Committee as well as Departmental management with the tools for the improved evaluation and management of Stratplan as it is implemented. The Committee is still awaiting advice on the results of the review of the project's cost effectiveness which it requested in its report.

Reporting Arrangements

1.26 The Committee set out in its report arrangements whereby the Department of Social Security would report to the Committee on a regular basis on various aspects of the project's implementation. The Department of Social Security has now been informed of the Committee's requirements in terms of the form and timing of these on-going reporting arrangements. The Department of Social Security will provide quarterly progress reports to the Committee on financial, personnel, scheduling and other aspects of Stratplan's implementation.

CHAPTER 2

SUMMARY OF THE COMMITTEE'S 225TH REPORT

2.1 When the Minister for Social Security announced his Department's major computer re-equipment program, Stratplan, in June 1983, he announced that in view of the costly and complex nature of the program the Government had decided to refer it to the Joint Parliamentary Committee of Public Accounts for monitoring and report.

2.2 Stratplan will replace outmoded and inadequate equipment in each State office, establish a National Computer Centre in Canberra, install mini-computers in regional offices and approximately 7,000 visual display units throughout the Department. This re-equipment program is intended to extend the range of computing services available to departmental staff to include word processing, on-line reference services, and on-line access and update facilities for client information.

2.3 During the first phase of the Committee's scrutiny of Stratplan, the Committee conducted four public hearings and one in-camera hearing during which the Department of Social Security presented progress reports and made submissions on specific areas of concern to the Committee. Representatives of the Public Service Board, the Administrative and Clerical Officers' Association, the Department of Health and other experts on occupational health and safety made submissions and/or held discussions with the Committee.

2.4 The Committee's report contained twenty-six conclusions and seventeen recommendations which dealt with issues arising from the Committee's inquiry under the following headings:

- acquisition process
- health and safety
- industrial relations
- resignation of a senior officer
- offsets arrangements
- project and financial management.

2.5 The Committee concluded that because of the large scale of the project, and the Department's decision to centralise its information base and provide access to this via approximately 7,000 on-line terminals, Stratplan was a very complex project which was difficult to manage.

2.6 With respect to acquisition procedures, the Committee concluded that, except for the fact that officers who would later use the system were not consulted at the early stages of Stratplan's development and design, the Department's acquisitions procedures followed the guidelines laid down by the appropriate authorities.

2.7 In its examination of industrial relations and occupational health and safety issues, the Committee concluded that industrial relations had been difficult due mainly to the inability of the Department to provide eyesight and radiation emission tests for screen-based equipment which were satisfactory to staff associations.

2.8 The Committee believed that the Department had been constrained in this matter by the Public Service Board, which is responsible for setting standards for staff conditions of service. It recommended that the Public Service Board, in consultation with other appropriate agencies, establish and promulgate occupational health and safety standards as a matter of urgency.

2.9 The Committee also recommended that:

- as a matter of urgency, the National Occupational Health and Safety Commission carry out a full investigation of the hypothesis known as visually evoked responses in photosensitive people;
- the suggestion that staff should be multi-skilled rather than solely keyboard operators be considered as a basic principle of employment by the Public Service Board and other appropriate bodies;
- a staff impact study be completed as soon as possible with special emphasis on staff savings and reclassifications; and
- staff associations be asked to participate in the system's implementation and be invited to attend the weekly progress meetings chaired by the National Stratplan Co-ordinator.

2.10 As a result of its examination of the circumstances surrounding the resignation of a senior officer the Committee concluded that the procedures employed followed the established guidelines for ensuring propriety by Commonwealth officers accepting employment in the private sector.

2.11 The Committee's review of offset arrangements indicated that the tender should have placed greater emphasis on Australian products and that the benefits of the offset program will be less than predicted. The Committee recommended that all offsets agreements be signed prior to contracts being let.

2.12 The Committee's review of Stratplan led to a series of recommendations directed at ensuring that Stratplan was as far as possible completed on schedule, within cost, and with the originally asserted benefits of the project being realised.

2.13 The Committee's conclusions about project and financial management aspects of Stratplan included:

- the implementation of Stratplan would be at least twelve months later than predicted; and
- the monetary savings suggested by the Department of Social Security when the original Strategic Plan was drawn up would not be realised. The staff saving figures of 2,400 to 2,700 originally asserted are now unrealistic.

2.14 The Committee recommended that:

- The Department review the total project cost, including all attributable staff costs, in conjunction with the Department of Finance. The Committee would expect a submission on this matter as soon as the review has been completed.
- The Department of Social Security review the cost effectiveness of the project in conjunction with the Department of Finance and advise the Committee accordingly.
- The Department report progress and problems on a monthly basis to the Committee and the Australian Audit Office. These reports should include discrepancies of time or costs from the planned schedule.

CHAPTER 3

DEPARTMENT OF FINANCE MINUTE

3.1 Except where specifically indicated otherwise, the responses appearing below were provided by the Minister for Social Security on the advice of officers within his department who had convened a number of interdepartmental meetings between officers from the Departments of Finance, Local Government and Administrative Services, Social Security and the Public Service Board. The purpose of these meetings was to prepare a joint response to the 225th Report of the Joint Committee of Public Accounts.

3.2 In this chapter each of the Committee's recommendations and conclusions is reproduced in turn and is followed by the response.

Stratplan (Chapter 4)

Paragraph 2.2

The Committee has concluded that:

- Stratplan does not improve the quality of the information regarding clients of the Department but it makes this information easier and quicker to change and retrieve.

Response:

3.3 The Department's primary concern with Stratplan is improvement in service; however, as a means to this end a number of facets of Stratplan do contribute to improved quality of data. These include integration and standardisation of data between benefit types, comprehensive checking of data at point of entry rather than in later processing and the provision of up to date processing rules through the On Line Manuals system. The Department notes that the very fact that information is 'quicker and easier to retrieve' will enable staff to provide better service to clients. For example, the additional information now available to Departmental staff through the On-line Enquiry System greatly assists normal processing of pensions work.

- No new technologies have been developed for Stratplan. It is not technically complex but because of its size it is difficult to manage. The complexity of the project has been largely created by the Department's decision to centralize its information base and to access this base via up to 7000 on-line terminals.

Response:

3.4 While no new technologies have been developed specifically for Stratplan, it should be noted that Stratplan implementation requires 'state of the art' techniques in the area of integrated data base, data communications, text processing and office automation facilities which has required the Australian computer industry to develop expertise to service departmental requirements. The Department notes the comment on complexity and agrees that the size and dispersed nature of the project makes it a very significant one by world standards and therefore one demanding high level management input and control. The Department has recognised this by putting a Deputy Secretary in direct control of the management of the project and through the institution of high level control mechanisms. The complexity of Stratplan is not because any single part is technically over-complex but when all these parts are put together the overall system does become complex. It should be noted that the Department's current information base resides in master files held at each State computer centre and this, in essence, remains unchanged. In fact the Department has followed a policy of maximum decentralisation advisable given current technology and is devoting considerable attention to ensuring options are available for further decentralisation (distribution of processing and data) when appropriate technologies are available in a mature form. The Department's 1981 ADP Strategic Plan analysed the centralized/decentralized processing options. A copy has been provided to the Committee.

- The Australian computer industry has benefitted by the Department's extensive use of contractors and some program aids.

Response:

3.5 Noted.

- The tender should have placed greater emphasis on Australian products.

Response:

3.6 Considerable attention was given to making sure that the Requests For Tender were worded as openly as possible, thus providing an opportunity for a range of companies, including Australian companies to respond. The basic restriction was that whatever solutions were offered, they had to be capable of operating in an IBM compatible regime. This was because of the very high level of investment in existing programs (including income maintenance payment

programs) which were designed to run in such an environment. Government policies on preference for Australian goods and services and Offsets for imported products were strictly adhered to in the course of tender evaluation, contract negotiation and execution. Policy on preference to Australian and New Zealand goods was strengthened in January 1984. Tenders for the Stratplan project were called under the pre-existing policy. The latest policy, which was designed mainly with high technology/growth industries in mind, emphasises:

- pre-tender assistance to local industry;
- full opportunity for local firms to participate;
- avoidance of bias in specifications, and
- a more effective method of measuring local content.

The Stratplan project was an influence in the determination to review both the preference and Offsets policies and in the shaping of the preference policy which emerged.

3.7 The Department has been successful in:

- the installation of equipment in the new National Computer Centre and in the State Centre in Sydney both of which required substantial alterations to buildings;
- the training of thousands of its staff including the production of three video training films;
- the promotion of a general acceptance of Stratplan by staff at all levels;
- the initiation of automated systems and project management methodologies;
- the recruitment of new staff and contractors;
- the formulation of procedures for the efficient purchasing of Stratplan equipment, engagement of contractors, budgeting and estimating; and
- the research and documentation of security systems and the draft Contingency Plan.

Response:

3.7 Noted.

- The first regional office appears to have been delayed by nine months due to industrial issues and technical difficulties and that the facility for on-line update will be at least twelve months late.

Response:

3.8 The Department draws attention to its achievements as compared to schedules provided in the Request For Tender. The Request For Tender indicates implementation of the first regional office in March 1984. The schedule to which the Department was then working included an expectation of a Cabinet decision in January 1983 on the outcome of the tender. However, the Cabinet decision actually occurred in June 1983. Accordingly, our schedule had to be revised. Nevertheless, the first regional office was installed in March 1984, albeit with only the first Stratplan product, word processing, available. This occurred, therefore, six months ahead of the revised schedule, which would have seen this event occurring in September 1984.

3.9 In December 1984, after settlement of the industrial dispute all four initial Stratplan products (On-line Enquiry, On-line Manuals, Data Entry and Word Processing) were in use in several offices. Thus there is at most a three month delay attributable to a number of factors including:

- industrial issues;
- site preparation delays;
- delays in supply of hardware and software by vendors as there have been occasions when it has been prudent to await the availability of a more developed version of a product before using it in a production environment;
- rescheduling due to better appreciation of the size of the task; and,
- scarcity of expertise in the technology, especially in the areas of network control and design.

3.10 These factors, particularly the industrial relations issues, are likely to impact the ability to meet schedules in the future. Experience should now enable them to be better taken into account in detailed planning. The Department has yet to complete the design work necessary to set the dates for introduction of various components of on-line update. Dates provided so far have been purely indicative and not based on detailed analysis and resourcing. The date of 1986 has typically been quoted as the indicative date for introduction of On-line update. One major constraint is that Western Australia does not receive Stratplan equipment until that date and the continued maintenance of both the old and new systems until that time presents resource problems. The Department expects to start introducing some On-Line update subsystems during 1986.

3.11 Staff constraints have contributed to the delay in initial implementation not so much because the Department did not obtain the resources it originally estimated that it would require but because, as the project developed, its complexity and the amount of work involved became clearer, revealing those initial estimates as being too low. This experience should better equip the Department to estimate resource requirements for the ongoing project and provide better schedules.

3.12 The Department has made significant efforts to obtain the technical expertise it needs by employing staff from private enterprise hired through a period contract for on-site programming and design services. This arrangement has been essential to the success of the project so far; however, competition for certain types of skilled technical resources remains high. Not only is the Department affected directly by this but the vendors supplying equipment to the Department are also finding it difficult to recruit personnel who possess the skills necessary for those firms to provide vendor support to the Department and their other customers.

Paragraph 2.3

The Committee recommends that:

1. The Contingency Plan be completed and tested and the Committee informed of the results before implementation of the Queensland phase is completed.

Response:

3.13 Having developed very comprehensive outline contingency plans for the Stratplan environment the Department has identified the fifty key plans which must be finalised as a first priority. These are now being developed in detail. The Department will complete and test these plans as soon as practicable and will inform the Committee of the results. The Department's original plan was for implementation first to be completed in New South Wales and then to begin in Queensland and after completion there to move to the next State. This plan has now changed, and implementation is proceeding concurrently in New South Wales, Queensland and Tasmania.

Acquisition Process (Chapter 5)

Paragraph 2.4

The Committee has concluded that:

- There was extensive use of independent advisers in all stages of the process from the original review of the Strategic Plan to the final tender evaluation.

• There has been appropriate top level commitment to the project from within the Department.

• The Public Service Board (PSB) and other regulatory agencies contributed to the process as did the Offsets Secretariat, the Departments of Administrative Services, Housing and Construction and Industry and Commerce.

Response:

3.14 Agreed.

• Except that officers who would later use the system were not consulted in its design, the Department's acquisition process followed the guidelines laid down by the appropriate authorities. The aspect of staff involvement is discussed in Chapter 7 - Industrial Relations.

Response:

3.15 Noted. The Department recognises problems in consultation between unions and the Department. The Department notes however that, as part of its System Development Methodology extensive consultation with officers who will use the system is required and this consultation has and is continuing to take place with respect to each Stratplan subsystem developed. The Department also has a policy of utilising staff with 'user' as distinct from 'technical' backgrounds as product development managers to ensure user interests are properly taken into account. The conclusion also implies that Stratplan was designed at some point in the past. This is not the case, later phases of Stratplan still remain to be designed in detail and arrangements resulting from the recent agreement with the unions should further facilitate staff association participation in future design work.

Health and Safety (Chapter 6)

Comment by the Minister for Social Security:

3.16 Chapter 6 and 7 of the report and specifically recommendations 2.5 to 2.10 canvass a number of health and safety issues associated with the introduction of Stratplan. Certain of the issues were pursued by the staff associations using industrial pressure. As the Committee's own process of taking expert evidence and its recommendations indicate, notwithstanding the considered views of individual technical experts, bodies of experts and comparative overseas practice, it is difficult to reach an acceptable technical position on some of these issues. The aspirations and concerns of the

staff and their associations independent of the technical position are a factor on the one hand; on the other hand are the cost implications and the expert research capacity available to provide testing facilities.

3.17 However, the Government's establishment of the National Occupational Health and Safety Commission with its tripartite composition should provide a forum for debate and investigation of such issues which will be helpful for the future. The Commission has both a research and standard setting role. Nevertheless the priorities of the Commission and the resource limitations indicate that there is no easy panacea.

Paragraph 2.5

The Committee has concluded that:

- The Department of Social Security, with the help of staff, qualified ergonomists and the Commonwealth Institute of Health, has done an excellent job in designing furniture and terminals. The Department employs one occupational health and safety officer and is attempting to change work practices so that one operator may not operate a keyboard for more than 3 or 4 hours per day.

Response:

3.18 A memorandum of agreement between the Department of Social Security, the Public Service Board and relevant staff associations which was registered with the Conciliation and Arbitration Commission in December 84 provides that the maximum daily period of continuous use of VDUs and the question of rest breaks should be referred to the Task Force on Repetition Strain Injury chaired by Mr Des Linehan, and with representatives from the ACTU, the NOHSC and other expert authorities. A copy of the agreement is at Appendix A.

Paragraph 2.6

The Committee recommends that:

- 2. As a matter of urgency, the National Occupational Health and Safety Commission carry out a full investigation of the hypothesis known as visually evoked responses in photosensitive persons.

Response by the National Occupational Health and Safety Commission (NOHCS):

3.19 This matter will be referred to the Research Standing Committee of the Commission for consideration. The NOHSC, whilst appreciating the wish of the Joint Parliamentary Committee of Public Accounts for an urgent scientific examination into this matter, would need to consider the recommendation in the context of its own priorities for occupational health and safety research and the provision of research funding to the National Commission.

- 3. Staff Associations be encouraged to consider Dr Burch's hypothesis and participate in any investigations.

Response:

- 3.20 Noted.

- 4. The suggestion that staff should be multi-skilled rather than solely keyboard operators be considered as a basic principle of employment by the Public Service Board and other appropriate bodies as a matter of urgency.

Response:

3.21 The Department has taken a major step towards multi-skilling of staff who use keyboards for a very high proportion of their time. The distinction between word processing operators and data processing operators has, in effect, been eliminated and these staff will be undertaking work of both these types as well as other non-keyboard duties. Many Clerical Assistant positions are deployed on mixed clerical and keyboard duties throughout the APS, and the Board has encouraged the use of the Clerical Assistant structure in this way. In its current review of keyboard structures, the PSB aim is to eliminate wherever practicable structures which prescribe narrowly specialised jobs for keyboard activity. The Department is considering other options and has undertaken to discuss proposals with staff associations.

- 5. All health and safety problems be referred to the National Occupational Health and Safety Commission which will take over much of the occupational health responsibilities from the Public Service Board.

Response:

3.22 The National Occupational Health and Safety Commission, which will have a standard setting and research role, has now been established. In this context the Board will retain an interest because of its employer role under the Public Service Act.

6. All future instructions from any authority to the Department on health, safety and industrial issues be issued as directions not draft guidelines, guidelines, or recommendations.

Response:

3.23 The Commission as part of its standard setting charter will be considering what standards should be prescriptive. However there will be a transitional period. As noted above difficulties in Stratplan emerged as much from the unwillingness of the staff associations to accept the standards in existence as from the form in which they were determined.

Industrial Relations (Chapter 7)

Paragraph 2.7

The Committee has concluded that:

- Industrial relations between staff and management are difficult due mainly to the inability of the Department to provide health and safety tests to employees regarding eyesight and possible radiation emission problems from screen based equipment.

Response:

3.24 As indicated above an industrial agreement (Appendix A) has now been finalised between the Department, the Board and the staff organisations. This covers not only Occupational Health and Safety issues but a number of other matters including staffing impact. A number of the matters in the agreement are interim and dependent on further expert study. Some of the OH and S matters have been agreed as part of the total industrial settlement. Although the agreement applies to Stratplan, pressures quickly emerged to extend the matters agreed in the particular context of Stratplan throughout Commonwealth employment, for example, eyesight-testing. The Department points out that evidence available to it, including the results of radiation testing of a sample of Wang VDUs, support its view that there is no harmful radiation emission from the Wang VDUs. The Department therefore agreed to the specified radiation testing only as an interim measure pending the outcome of an expert study on the subject to be conducted by the National Occupational Health and Safety Commission.

- The Department is constrained by the Public Service Board which is responsible for setting standards for staff conditions of service.

Response:

3.25 The Board has a central co-ordinating role in terms and conditions but in the OH and S area technical expertise on appropriate standards lies elsewhere. The settlement of these issues as industrial matters does have flow-on implication as has been illustrated in the Stratplan agreement and subsequent experience.

- The issues of industrial relations, particularly in the areas of occupational health, could have been resolved in the planning stage with agreement between the PSB and staff associations. This was made clear by the Director-General in his letter to the Chairman of the PSB on 4 June 1984 when he said:

'This Department has two issues relating to occupational health and the introduction of Stratplan which are the subject of dispute with the two relevant staff associations. The first is the question of eyesight testing for VDU operators and the second radiation testing of VDUs.

'There seems to me to be an element of insanity in an industrial dispute between a Commonwealth department or agency and unions on occupational health issues. Obviously if there is a genuine health problem, as a responsible employer the Commonwealth should take all necessary corrective action. If there is not a genuine health problem, the taxpayer should not be held to ransom to provide unnecessary and expensive equipment and services which may also serve to create unnecessary anxiety in some staff.

'I fully support your view that these occupational health matters are too important to be negotiated in isolation by individual departments and agencies. It does seem to me to be an issue on which leadership is required from the Board. I believe that all Commonwealth employing agencies and the ACTU should be able to settle on common occupational health standards, based on the best advice available. I would ask that the Board initiate action in this direction.'

Response:

3.26 Earlier comments about the roles of various agencies and the distinction between the existing technical standards and their acceptance are relevant here. In the Board's view the equation is more complex than a technical view on the one hand and the cost to the taxpayer of a concession on the other. For example the need for radiation testing is not supported by expert authorities but has been included as part of this specific industrial settlement and for that reason association pressures for its extension to other areas will be strenuously resisted by the Board.

- The issues of eyesight testing for visual display unit operators and radiation emission testing of the visual display units themselves, should be resolved through negotiations between the Public Service Board and the staff associations.

Response:

3.27 Noted. See the comments above.

Paragraph 2.8

The Committee recommends that:

- 7. The Public Service Board, acting on behalf of all Government departments and agencies and in consultation with other appropriate agencies, establish and promulgate common occupational health and safety standards as a matter of urgency.

Response:

3.28 The establishment of standards is a matter for the NOHSC. The PSB, as indicated earlier, has a co-ordinating and education role in these areas.

Paragraph 2.9

The Committee has concluded that:

- The Department of Social Security has taken some steps towards satisfying the demands of the staff associations through the supply of ergonomically designed furniture, the acceptance of regular breaks for keyboard operators and the issue of information sheets for staff on the progress of Stratplan. The Committee believes that within the limits imposed on it the Department has gone as far as possible in catering for staff associations' demands regarding health and safety.

Response:

3.29 Noted.

Paragraph 2.10

The Committee recommends that:

- 8. The staff impact study be completed as soon as possible with special emphasis on expected staff savings and reclassifications. A consultant should be employed to stipulate the guidelines of the study in conjunction with the staff associations. The Committee wishes to be informed of the results of this study before Stratplan is implemented in each State.

Response:

3.30 As part of the Industrial Agreement (Appendix A) the Department undertook to provide to the Associations by 1 March 1985, two Work Organisation studies - one for regional offices and one for other areas. The work organisation studies cover Stratplan and associated ADP developments scheduled for implementation between 1984 and 1990.

3.31 The Department also undertook to provide to the Associations by 1 March 1985 a job impact statement in accordance with the Public Service Board's Guidelines for Joint Consultation on Technological Change in the APS. The job impact statement covers Stratplan and associated ADP developments up to 1990.

3.32 The Department will further provide to the Associations by the end of December 1985 a more detailed job impact study covering Stratplan and associated ADP developments. The Associations will be invited to participate in the study.

3.33 The Agreement also notes that the Staff Associations would do their own studies and make those available for discussion with the Department. Accordingly, the Associations did not participate in the Department's studies and a consultant was not engaged.

3.34 The Department has made its Work Organisation Studies and Job Impact Statement available to the Committee. The results of any further studies will be provided to the Committee when they are complete.

- 9. Staff, through their associations or via normal communication channels, be kept informed of delays or alterations to the system. This is particularly important for regional office staff.

Response:

3.35 The Department faces certain difficulties in ensuring that all staff are kept well-informed and up-to-date. These difficulties include:

- the wide geographic distribution of Departmental staff in regional offices. Stratplan assumes greater immediate importance to those about to receive the facilities. Their requirements for information are necessarily greater than those to whom implementation still seems remote.
- The non-homogeneous nature of the audience. Staff in different job categories have rather different interests and expectations of Stratplan. Further, their personal backgrounds, experience and perceptions of computer technology will be varied. Accordingly it is a complex task to satisfy these differing interests and levels of understanding.

3.36 Therefore the Department has developed a Stratplan information strategy using multiple means of communication. In this way the Department hopes to improve the distribution of information to staff regardless of their geographical or organisation location. It also provides staff with opportunities for feedback to senior Stratplan project staff. It includes -

- videos which are seen by all staff. Stratplan video 4 is currently in production and shows the live operation of the first four Stratplan products in a number of NSW regional offices;
- a newsheet entitled Stratplan National Bulletin providing information of general interest to all Departmental staff;
- a State-based newsheet, Stratplan Update, issued in States which are implementing Stratplan, to provide more detailed information relating to schedules, etc;
- a Stratplan Newsflash newsheet from time to time as necessary to provide as quickly as possible time-critical information to all staff;
- a telephone information line in each State through which staff can ring their local Stratplan Co-ordination Unit with any query relating to Stratplan.

3.37 The Department has so far not disseminated information through Staff Associations, believing that Associations may not wish to appear to be compromising their independent position by carrying out a 'messenger' role.

However, this issue will be raised with the Associations and advantage taken of the extra avenue to staff if they are agreeable.

10. The staff associations be asked to participate in the systems implementation and be invited to attend the weekly progress meetings chaired by the National Stratplan Co-ordinator.

Response:

3.38 As a part of the national consultative arrangements between the Department and the Staff Associations a sub-committee of Departmental officers and Staff Associations' representatives has met frequently to conduct consultations on Stratplan. This arrangement was, in effect, suspended during the course of the industrial negotiations that resulted in the agreement at Appendix A. However, a meeting of the full consultative committee is scheduled at which the Department proposes to raise the subject of future participation by Staff Associations.

Resignation of a Senior Officer (Chapter 8)

Paragraph 2.11

The Committee has concluded that:

- The procedures for ensuring propriety by Commonwealth officers accepting employment in the private sector have followed the established guidelines.
- The Committee may wish to review the guidelines as a separate issue.

Response:

3.39 Noted.

Offset Arrangements (Chapter 9)

Paragraph 2.12

The Committee has concluded that:

- The benefits of the offset program will be less than predicted.

Response:

3.40 Status reports from contractors provide a basis for confidence that the agreements will be fulfilled and all promised benefits realised. Although some substitution of parts of the original agreements has taken place it is anticipated these will ultimately prove more beneficial.

Paragraph 2.13

The Committee recommends that:

- 11. All offsets agreements be signed prior to contracts being let.

Response:

3.41 The signing of offsets agreements before the letting of contracts remains as a firm policy objective. Nevertheless some companies continue to hinder pursuit of effective offsets arrangements by offering less than adequate terms which take time to negotiate and by otherwise manipulating the procurement cycle; thus bringing pressure on client departments and the Offsets administration. Ways are being sought to ensure prior signature of offsets agreements and/or incorporation of such agreements in contracts.

Project Management (Chapter 10)

Paragraph 2.14

The Committee has concluded that:

- Project management is basically sound, principally because of the commitment of senior staff.

Response:

3.42 Agreed.

- There are delays in implementation caused mainly by the size of the project and difficult industrial relations.

Response:

3.43 Noted. See response to 2.2.

- In spite of the use of almost 100 contract programmers, consultants and highly motivated and qualified staff, the system implementation will be up to 12 months later than predicted and this delay will probably be more pronounced as the implementation proceeds.

Response:

3.44 Noted. In spite of the significant increase in ADP staff resources that occurred with the introduction of Stratplan, a shortage of experienced development resources still exists. Staffing levels within the Department is already affecting the Department's ability to recruit and retain the expertise necessary to maintain schedules. See 2.2 for other comments regarding delays.

- The Department also failed to recognise the staff associations' concerns on health and safety matters and future job prospects of their members.

Response:

3.45 The Department took account of the staff associations' concerns but underestimated the time it would take to reach agreement with associations. However, this is to be seen in the context that the demands of the staff associations went substantially beyond standards recommended by the Commonwealth's expert advisers.

- The implementation timetable will be monitored and Parliament kept informed of progress.

Response:

3.46 Noted.

Financial Management (Chapter 11)

Paragraph 2.15

The Committee has concluded that:

- The project will not realise the monetary savings suggested by the Department of Social Security when the original Strategic Plan was drawn up. Successive Ministers have been given an expectation of staff savings of between 2400 and 2700 as a result of Stratplan. It would now appear that these figures are unrealistic and that the Department has abandoned them.

Response:

3.47 When seeking the funds to proceed to implement Stratplan the Department stated clearly that it saw no option but to replace its aging and increasingly unreliable computing equipment. Naturally, the Department wished to take the opportunity of such a necessary replacement to improve the efficiency and effectiveness of its operations by adopting newer technology and more sophisticated techniques. There are a number of dimensions to these improvements, of which reduced growth in staff numbers is just one. Other benefits include -

- improved client service;
- the benefits to staff of working with superior ADP tools which eliminate the uncertainty of earlier information systems;

- the capacity for the Department to implement new Government initiatives more rapidly;
- the greater reliability of the new systems; and
- a better ability to minimise overpayments to clients.

3.48 The particular applications identified in the earliest edition of the Department's ADP Strategic Plan as having the greatest impact on growth in staff numbers are the final stages in a lengthy redevelopment strategy for our benefits processing systems.

3.49 The first four Stratplan products do not have a significant labour-displacing impact on the organisation of the Department. This has been demonstrated in a joint review with the Staff Associations. The later developments for the benefits processing systems together with other newly proposed ADP systems that could be introduced before 1990 are the subject of a review as part of the industrial agreement (Appendix A). This assessed the impact of these systems on the organisation, including an estimate of the labour-displacing impact. The first stage of this review was a job impact statement completed in March 1985. This will be followed by a more detailed job impact study to be complete by the end of December 1985.

3.50 The original analysis in the Department's 1981 Strategic Plan was thoroughly reviewed at the time by W.D. Scott, independent consultants. The figure of 2400 was confirmed as valid. However, the structure and nature of work in the Department's regional offices is dynamic, and it becomes increasingly complex to reconcile current expectations of the benefits and impact of the new applications with the early conceptions of how they might work. There have been many changes to the work of the Department since the 1981 analysis was performed, as a result of Government initiatives (eg the Family Income Supplement, Pensions Assets Test), reorganisation of work flows by management and changes in the numbers and distribution of clients. The Department remains committed to employing the technology to improving its operational efficiency and effectiveness. However, the ways in which these benefits will be manifest will be subject to industrial negotiation, to management decisions which can only be taken later in the development of applications and the impact of contingencies such as any new legislation that is introduced during the course of this development.

- The Department did not fully investigate the alternative methods to on-line centralised processing.

Response:

3.51 Noted. The Department did in fact investigate alternative methods as explained in the 1981 ADP Strategic Plan. The Public Service Board in its comments on the Plan, called for more detailed examination and costings of the strategies which depended on even greater centralisation than that adopted.

Paragraph 2.16

The Committee recommends that:

12. The financial planning system be completed, if necessary with the help of external consultants.

Response:

3.52 An external consultant has not been engaged specifically for this task but the matter has been considered and reported on by the independent consultant on Stratplan to the Minister for Social Security. A copy of that report has been supplied to the Committee and to the Department of Finance.

13. The Department review the total project cost, including all attributable staff costs, in conjunction with the Department of Finance. The Committee would expect a submission on this matter as soon as the review has been completed.

14. The Department of Social Security review the cost effectiveness of the project in conjunction with the Department of Finance and advise the Committee accordingly.

Response:

3.53 A review of project costs and cost effectiveness is being conducted in conjunction with the job impact statement previously mentioned. The Department of Finance is involved in this review process. The Committee will be provided with this information as it becomes available.

15. Following the review the Department of Finance continue to oversee the personnel aspects and the overall costs of the project and report to the Committee on a regular basis.

Response:

3.54 Noted. In addition, the Department of Social Security and the Department of Finance meet periodically to examine financial aspects of the project.

Response by the Department of Finance:

3.55 The Department of Finance suggests that it provide reports on personnel aspects and overall project costs to the Committee on a six monthly basis. Such an arrangement could coincide with the formulation of the annual budget estimates and the mid-year review of estimates.

16. The Australian Audit Office audit the system regularly and be assured that the Department's ADP Internal Audit has obtained the best advice on all matters of data and system security.

Response by the Australian Audit Office:

3.56 This Office has developed an audit strategy to cover the implementation stages of the Department of Social Security re-equipment program. The details of that strategy and current work program were advised to the Committee at its hearing on 23 August 1984 attended also by officers from the Department of Finance. That audit strategy addresses both the regular review of the system and the overview of the Department's ADP Internal Audit coverage proposed in this Recommendation.

17. The Department report progress and problems on a monthly basis to the Committee and the Australian Audit Office. These reports should include discrepancies of time or costs from the planned schedule.

Response:

3.57 The Department is discussing with the JCPA Secretariat the form of reports to be provided.

Response by the Australian Audit Office:

3.58 The Committee's recommendation that monthly progress reports be provided to it and this Office is noted. The frequency of such reports, to which it is understood the Department intends to refer, is a matter for determination by the Committee. This Office does however regularly receive from the Department copies of related departmental minutes and timetables relating to Stratplan. This information is of use in the monitoring of Stratplan developments.

I. CASTLES
Secretary
Department of Finance
20th May, 1985.