

DIGITAL DISASTERS HAEMORRHAGE BUCKETFULS OF MONEY

Funds wasted on one IT education project could have paid for 20 new schools

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It's a type of childlike optimism — the idea that governments can achieve lots of good things through the creation of large-scale, all-embracing information technology platforms. We just need more data and more investment in IT systems, so the central planners will argue, and the benefits will flow forever.

Indeed, our Prime Minister is very much taken by the potentially transformative power of government investments in IT. "Right across the board, you will see there are measures to ensure that government is digitally transformed,

so that it is nimble, so that you can deal with government as easily as you can with eBay or with one of the big financial institutions."

Or take this statement of faith by an ex-Treasury official: "The adoption across all levels of government of uniform IT systems in the health and education sectors, allowing a client's entire service history to be tracked. Bingo!

"Then each and every service provided will be recorded, for all time, and can be benchmarked for performance. No more students leaving school who can't read without a clear audit trail. No more health specialists charging differing fees for the same procedure without sanction. In other words, let digital disruption loose in core public service provision to drive up quality and drive down costs and the number of poor outcomes for consumers."

Don't you just love it? Uniform IT systems in health and education and all of our problems will be solved. Here are two things you should consider.

In point of fact, there is currently in place a recording arrangement that tracks students from childcare and preschool through school, including information about their NAPLAN and final school results. Have these unit record data led to the outcomes our confident ex-bureaucrat predicts? Have school costs been driven down and the number of poor outcomes fallen? I think my readers know the answers.

The second point to make is that the number of government IT disasters is legion. The nature and size of the failures are generally hidden from the public as long as possible until a pesky auditor-general does some poking around. We then learn about large-scale IT projects that have cost hundreds of millions of dollars — sometimes more — that have had to be abandoned or modified at huge cost.

But it would seem that unless there is a direct interface with the public — a public transport ticketing system, for example — there

are very few political consequences for the governments committing taxpayer funds to ill-conceived IT projects that never succeed.

Let me just go through some of the examples I have been able to dig up. It is really very difficult to know where to start; there are so many examples and the sums of money are just so massive.

It's hard to go past the disastrous eHealth program initiated by the Gillard Labor government. It has now burned through a cool billion dollars and there is effectively nothing to show for it. Designed to "electronically connect up the points of care so that health information can be shared securely", both health practitioners and patients have rightly taken a dim view of the project from the very start.

A trivial proportion of the population has "Personally Controlled Electronic Health Records", making the whole exercise pointless. But rather than ditch what is an incredibly wasteful commitment of taxpayer money, the current government has decided to press on and switch from an opt-in arrangement to

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one in which patients are forced to have a PCEHR unless they object. I guess that makes sense for a government with supposedly (classical) liberal values.

But, of course, the disastrous eHealth project is just one of many. Recall the fiasco of the computerised payroll system for Queensland Health. It is quite hilarious that the three parties involved in the project — Queensland Health, the government-owned CorpTech and IBM — initially estimated that the project would cost \$6 million. It's difficult to get to the bottom of the final cost of the project and the delay, but \$1 billion and four to five years late would be reasonable guesses.

As the Queensland Auditor-General rather blandly concluded, "all three parties significantly underestimated how large the project would need to be right from the start. The governance structure between CorpTech, IBM and Queensland Health was not clear,

causing confusion. There was no periodic review of the business needs of the project and system and process testing before the system went live had not identified a number of significant implementation risks."

But we shouldn't just pick on Queensland. Take the bungled school IT rollout in NSW that has so far cost more than \$500 million, but still doesn't work.

As that state's Auditor-General concluded: "The rollout of the state school's IT system, known as Learning Management and Business Reform, has blown out to \$578 million and is expected to be finalised by December 2017. The department has failed consistently to meet time, budget and quality requirements for the project. Also, the department has not demonstrated how the LMBR will achieve its expected benefits."

But just in case you are worried, the NSW Minister for Education, Adrian Piccoli, called the secretary of the NSW Department of Education immediately and requested that "the department immediately begin work on an action plan, with a clear outline of how the department will respond to the recom-

mendations made by the Auditor-General". That would be the same department that commissioned and has overseen the project from the start.

But NSW also need not feel lonely. A large-scale IT project in Victoria linking all state schools with head office was eventually junked and several hundreds of millions of dollars were written off. And then there was the public transport ticketing fiasco in that state that meant MYKI went at least five times over budget and was delayed by years.

What are the lessons that should be learned from these expensive disasters the costs of which are borne by taxpayers and come at the cost of much more worthwhile pursuits? (The cost of the NSW education IT disaster would have been enough to build 20 new schools.)

The first mistake is made in terms of the capability and experience of the people devising these projects. Often the objectives are not well specified. But even when objectives are made clear, there is an insufficient understanding of what an IT solution can and cannot achieve.

The second point is that the complications arising from the complexity of the underlying information being digitised are too often overlooked. One of the troubles with the eHealth initiative is that quite a lot of what is contained in patient management records is not amenable to simple classification. And in the case of MYKI, zone- and time-based fares made the project infinitely more complicated from the start.

And when it comes to payroll, the complications of different awards and agreements make large-scale computerised management systems extremely difficult. (A similar difficulty confronted the ABC when it implemented an SAP payroll system in the 2000s.)

But the main problem is the complete lack of accountability (and understanding by the politicians). To be sure, there are IT projects that go disastrously wrong in the private sector but the pin is pulled and people lose their jobs.

Information technology has its place in the operation of government and can generate benefits, but it is important to be circumspect about its potential and always start small.