

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Finance

Financial Framework (Supplementary Powers) Act 1997

*Financial Framework (Supplementary Powers) Amendment
(Prime Minister and Cabinet Measures No. 2) Regulations 2017*

The *Financial Framework (Supplementary Powers) Act 1997* (the FF(SP) Act) confers on the Commonwealth, in certain circumstances, powers to make arrangements under which money can be spent; or to make grants of financial assistance; and to form, or otherwise be involved in, companies. The arrangements, grants, programs and companies (or classes of arrangements or grants in relation to which the powers are conferred) are specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the Principal Regulations). The FF(SP) Act applies to Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

Section 65 of the FF(SP) Act provides that the Governor-General may make regulations prescribing matters required or permitted by that Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to that Act.

Section 32B of the FF(SP) Act authorises the Commonwealth to make, vary and administer arrangements and grants specified in the Principal Regulations. Section 32B also authorises the Commonwealth to make, vary and administer arrangements for the purposes of programs specified in the Principal Regulations. Schedule 1AA and Schedule 1AB to the Principal Regulations specify the arrangements, grants and programs.

The Regulations amend Schedule 1AB to the Principal Regulations to establish legislative authority for government spending on the Data Integration Partnership for Australia initiative, which will implement a coordinated investment approach across the Australian Public Service to maximise the use of government data assets. The aim of the initiative is to provide cost-effective and timely insights from the analysis of government data to improve policy and program design, while ensuring the safe use of data in controlled environments.

Funding of \$130.8 million for the Data Integration Partnership for Australia was included in the 2017-18 Budget as part of the Public Service Modernisation Fund. The Department of the Prime Minister and Cabinet has overall responsibility for this initiative, which will be delivered in partnership with the Department of Finance; the Australian Bureau of Statistics; the Australian Institute of Health and Welfare; the Department of Health; the Department of Education and Training; the Department of Social Services; the Digital Transformation Agency; and the Commonwealth Scientific and Industrial Research Organisation. Additional Commonwealth entities will be involved through the data analytical units established as part of the implementation of this initiative.

Details of the Regulations are set out at [Attachment A](#). A Statement of Compatibility with Human Rights is at [Attachment B](#).

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*. The Regulations commence on the day after registration on the Federal Register of Legislation.

Consultation

In accordance with section 17 of the *Legislation Act 2003*, consultation has taken place with the Department of the Prime Minister and Cabinet; the Australian Bureau of Statistics; the Australian Institute of Health and Welfare; the Department of Health; the Department of Education and Training; the Department of Social Services; the Commonwealth Scientific and Industrial Research Organisation; and the Department of Industry, Innovation and Science.

A regulation impact statement is not required as the Regulations only apply to non-corporate Commonwealth entities and do not adversely affect the private sector.

Details of the *Financial Framework (Supplementary Powers) Amendment (Prime Minister and Cabinet Measures No. 2) Regulations 2017*

Section 1 – Name

This section provides that the title of the Regulations is the *Financial Framework (Supplementary Powers) Amendment (Prime Minister and Cabinet Measures No. 2) Regulations 2017*.

Section 2 – Commencement

This section provides that the Regulations commence on the day after registration on the Federal Register of Legislation.

Section 3 – Authority

This section provides that the Regulations are made under the *Financial Framework (Supplementary Powers) Act 1997*.

Section 4 – Schedules

This section provides that the *Financial Framework (Supplementary Powers) Regulations 1997* are amended as set out in the Schedule to the Regulations.

Schedule 1 – Amendments

Item 1 – In the appropriate position in Part 4 of Schedule 1AB (table)

This item adds a new table item to Part 4 of Schedule 1AB to establish legislative authority for government spending on an initiative that falls within the responsibility of the Department of the Prime Minister and Cabinet.

New **table item 233** establishes legislative authority for government spending on the Data Integration Partnership for Australia (the DIPA).

The DIPA initiative is a co-ordinated investment across the Australian Public Service (the APS) to maximise the use and value of government data assets in order to allow cost-effective and timely insights into existing data resources, while ensuring the safe use of data in secure and controlled environments. The initiative will be funded through the Public Service Modernisation Fund over three years from 2017-18.

In the 2016-17 Budget, the Government announced a re-investment of \$500 million from the additional efficiency dividend to establish the Public Service Modernisation Fund. This is a strategic investment in a range of projects to modernise, transform and enhance the productivity and innovation of the APS.

The Public Service Modernisation Fund has two complementary investment streams to support the transition to a more modern public service:

- Agency Sustainability: \$150 million over three years from 2017-18 to assist identified entities; and

- Transformation and Innovation: \$350 million over three years from 2017-18 to support existing whole-of-government priorities, innovation and collaboration.

The DIPA initiative aligns with the Transformation and Innovation investment stream's objective of improving the APS's advice to the Government on complex policy issues. The initiative will bring together datasets, linkage and integration skills to combine datasets, and infrastructure in order to manage and better use information holdings and build analytical capabilities across the APS. In doing so, the DIPA initiative will build a robust, secure and scalable whole-of-government data integration and policy analysis capability to drive productivity improvements in the delivery of government programs and services.

The Department of the Prime Minister and Cabinet has overall responsibility for the DIPA initiative, which will be delivered in partnership with the Department of Finance; the Australian Bureau of Statistics; the Australian Institute of Health and Welfare; the Department of Health; the Department of Education and Training; the Department of Social Services; the Digital Transformation Agency; and the Commonwealth Scientific and Industrial Research Organisation. Additional Commonwealth entities will be involved through the data analytical units established as part of the implementation of this initiative.

The DIPA initiative will have a number of key components:

- creating data analytical units to use integrated data assets to address complex policy questions;
- creating and better using integrated data assets;
- improving government data assets for subsequent linking and analysis including:
 - enhancing the Department of Social Services' Data Exchange;
 - enhancing the Department of Health's Enterprise Data Warehouse; and
 - implementing the National Evidence Education Base to be administered by the Department of Education and Training;
- providing trusted third parties with access to integrated datasets;
- promoting public understanding of the benefits of analysing data from multiple sources;
- technical assurance and advice; and
- improving the ability for government entities to work together.

Creating data analytical units

This core component of the DIPA initiative will establish a central analytics 'hub' and four issue-specific data analytical units (collectively, the DIPA data analytical units) to undertake analysis of integrated data assets to deliver projects that answer complex policy questions that cross multiple portfolio areas.

The central 'hub' will address issues, which will benefit from a central, whole-of-government focus. The four issue-specific units, which are being established, include:

- the social, health and welfare data analytical unit to be led by the Department of Social Services and the Department of Health;
- the economic, business and industry data analytical unit to be led by the Department of Industry, Innovation and Science;
- the government business data analytical unit to be led by the Department of Finance; and

- the environment data analytical unit to be led by the Department of the Environment and Energy.

The objectives of the data analytical units will be to:

- support better evaluation of government programs and spending;
- support policy teams across the APS in formulating their advice;
- support the continued development and use of the integrated DIPA assets;
- build the APS capability and communities of practice to use integrated data for policy analysis; and
- champion the development of the APS-wide data analytics infrastructure and capability.

Creating integrated datasets

The Australian Bureau of Statistics and the Australian Institute of Health and Welfare will increase and build on their current data integration and linkage capabilities. This will further develop technical infrastructure and tools to integrate and link high-value datasets from across the APS (and potentially in the future the datasets from states and territories, and private sector) to produce high-value and enduring data assets for analysis and policy development. The creation of integrated datasets will support the data analytical units.

The DIPA integration infrastructure will transform existing data integration capacity from a project-to-project based approach into a more efficient and effective ongoing infrastructure. One of the key DIPA objectives is to provide integration infrastructure that is interoperable with existing state and territory data integration infrastructure, noting that there is no single, common infrastructure across the jurisdictions.

Enhancing the Data Exchange

The Department of Social Services will enhance its Data Exchange (DEX) to provide critical evidence to assess whole-of-government social policy and program effectiveness. At present, the DEX is a grant program reporting solution for some Commonwealth and state government entities. It was established in 2014 as a standard way of collecting service delivery and outcomes information from funded organisations.

Under the DIPA initiative, the DEX will be extended to deliver whole-of-government, location-based, client-level outcomes data from grant programs, which involve approximately \$40 billion in funding by the Commonwealth, state and territory government entities. The DIPA funding will be directed primarily towards enhancing the current DEX infrastructure. This will also support the use of the DEX by additional programs and users from the Commonwealth, state and territory government entities. The community sector organisations will benefit from using one reporting system for the Commonwealth, state and territory grant funded activities. Access to robust outcomes data will assist governments and the community sector to more readily adjust and reform their service delivery based on evidence about what works.

Enhancing the Enterprise Data Warehouse

The Department of Health has important national data assets, including the Enterprise Data Warehouse which holds data for health and aged care programs, supported by best available technology and considerable expertise in information management which will feed into new centralised integration and analytical capabilities. Unlocking the value of health and aged care information and better leveraging infrastructure investments through the DIPA initiative will generate insights and understanding essential to achieving better health and well-being for all Australians. An improved ability to analyse health and aged care data will lead to better targeted services for individuals and communities enabling a long-term health reform.

The enhancement of the Enterprise Data Warehouse will be achieved by:

- establishing a safe and secure whole-of-government platform for managing access to health, aged care and other data;
- expanding and enhancing health and aged care data to underpin analysis capabilities and unlocking the value of the information held by the Department of Health; and
- making health and aged care data assets available to accredited organisations for policy development, program evaluation and research.

Implementing the National Education Evidence Base

The Department of Education and Training will use the DIPA funding to develop the National Education Evidence Base (the NEEB), which will provide a robust source of education data for policymakers, educators, individuals and the community. The NEEB will broaden the use of education data from being focused on sectors or issues to a holistic picture of all phases of education by, in the first instance, bringing together datasets held by the department and other data from publicly available datasets such as those developed by the Australian Bureau of Statistics. The department will also scope a nationally consistent approach to student identification, which will enable linkage of education data at the person level.

Over the longer term, the department will work towards the goal of making all Australian education data, including from education providers such as child care and early learning providers, school systems (state and territory, Catholic and independent), and tertiary providers (vocational education and training, and higher education), available through the NEEB for research and analysis.

Providing trusted third parties with access to integrated datasets

The DIPA data analytical units will facilitate secure on-site or virtual access for accredited non-government users to the integrated and linked government data assets to extend their value to benefit the Australian public. This will not only enable accredited users to use this data for approved projects but will also make their expertise available to facilitate government policy development and program management.

Promoting public understanding of the benefits of analysing data from multiple sources

The Department of the Prime Minister and Cabinet will lead a whole-of-government approach to build the public's trust and confidence in the way the Government uses data about Australians. This will include a communications strategy to demonstrate the benefits

and value of analysing data from multiple sources while providing assurance to the public about privacy protection, as well as the DIPA governance, accountability and oversight.

Technical assurance and advice

The Digital Transformation Agency's Digital Investment Management Office will monitor the implementation of the DIPA initiative to ensure that the ICT infrastructure has been developed in a manner that enables integration and efficient data sharing across the APS.

Data61, a research unit of the Commonwealth Scientific and Industrial Research Organisation, will provide strategic advice and perform an assurance and advisory role to assist partner entities to make informed decisions taking into account the latest data developments and efficiencies afforded by new technologies.

Improving the ability for government entities to work together

The Department of Finance will deliver a secure cloud-based system to facilitate the exchange of information between government entities. This system will modernise and transform the government business by providing an innovative and secure solution for the exchange of information between entities.

The Department of the Prime Minister and Cabinet will investigate cross-portfolio approaches to develop information sharing and collaboration capabilities that improve Australia's national security outcomes.

Funding for the DIPA initiative of \$130.8 million was included in the 2017-18 Budget under the measure 'Public Service Modernisation Fund – transformation and innovation stream' for a period of three years commencing in 2017-18. Details are set out in *Budget 2017-18, Budget Measures, Budget Paper No. 2 2017-18* at page 75.

While the Department of the Prime Minister and Cabinet will maintain overall responsibility for the DIPA initiative, partner entities will be responsible for the delivery of their respective components including procurement of goods and services for activities under those components. A range of procurement methods may be used throughout the implementation period such as open and limited tenders or procurements from existing arrangements. Responsible entities will select which procurement method to use depending on the activity. Final spending decisions will be made by delegates of responsible Ministers or delegates of accountable authorities depending on the partner entity.

Procurement processes will be conducted in accordance with the *Public Governance, Performance and Accountability Act 2013* and the *Commonwealth Procurement Rules*, including principles relating to probity. Where required, information on procurement opportunities and contracts will be published on the AusTender website at www.tenders.gov.au. The *Commonwealth Procurement Rules* require procurement contracts with a value of \$10,000 or more to be reported on AusTender where exemptions do not apply. Some partner entities may also choose to publish procurement information on their websites.

Merits review arrangements will vary across partner entities and may include evaluation committees, complaints registers, independent audits and reviews of decisions.

Procurement decisions will be based on value for money, including capability and capacity to deliver, price and risk considerations. Complaints about specific procurement decisions may be made directly to the responsible entity.

Funding for this item will come from:

- Program 1.1: Prime Minister and Cabinet, which is part of Outcome 1. Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.14, Prime Minister and Cabinet Portfolio* at page 23;
- Program 1.1: Australian Bureau of Statistics, which is part of Outcome 1. Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.16, Treasury Portfolio* at page 57;
- Program 2.2: Transforming Government, which is part of Outcome 2. Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.8, Finance Portfolio* at page 19;
- Program 2.4: Program Support for Outcome 2, which is part of Outcome 2. Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.15A, Social Services Portfolio* at page 23;
- Program 1.1: Health Policy Research and Analysis, which is part of Outcome 1 (Department of Health) and Program 1.1: Develop, Collect, Analyse and Report High Quality National Health and Welfare Information and Statistics for Governments and the Community, which is part of Outcome 1 (Australian Institute of Health and Welfare). Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.10, Health Portfolio* at page 36;
- all Programs, which are part of Outcomes 1 and 2. Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.5, Education and Training Portfolio* at page 14; and
- Program 1.1: Research – Science, Services and Innovation Fund, which is part of Outcome 1 (Commonwealth Scientific and Industrial Research Organisation). Details are set out in the *Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.12, Industry, Innovation and Science Portfolio* at page 115.

Noting that it is not a comprehensive statement of relevant constitutional considerations, the objective of the item references the following powers of the Constitution:

- the communications power (section 51(v));
- the statistics power (section 51(xi));
- the pensions power (section 51(xxiii));
- the social welfare power (section 51(xxiiiA)); and
- the Commonwealth executive power and the express incidental power (sections 61 and 51(xxxix)).

Communications power

With respect to the communications power, the item authorises expenditure on ICT software and hardware that will be used to transmit data by electronic means. It also enables individuals to discuss issues relating to data integration using social media.

Statistics power

With respect to the statistics power, the item authorises expenditure on technical infrastructure and tools that integrate and link statistical data, as well as the collection of information for statistical purposes.

Pensions power and social welfare power

With respect to the pensions power and the social welfare power, the item facilitates enhancements to the Data Exchange that will assist in the management, reporting and analysis of a wide range of pension and social welfare programs.

Commonwealth executive power and express incidental power

With respect to the Commonwealth executive power and the express incidental power, the item authorises expenditure on market research and the analysis of data that will facilitate research on matters of national importance which can be carried out by the Commonwealth for the benefit of the nation.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Financial Framework (Supplementary Powers) Amendment (Prime Minister and Cabinet Measures No. 2) Regulations 2017

These Regulations are compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Section 32B of the *Financial Framework (Supplementary Powers) Act 1997* (the FF(SP) Act) authorises the Commonwealth to make, vary and administer arrangements and grants specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the FF(SP) Regulations) and to make, vary and administer arrangements and grants for the purposes of programs specified in the Regulations. Schedule 1AA and Schedule 1AB to the FF(SP) Regulations specify the arrangements, grants and programs. The FF(SP) Act applies to Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

The Regulations amend Schedule 1AB to the FF(SP) Regulations to establish legislative authority for government spending on the Data Integration Partnership for Australia initiative, which will implement a coordinated investment approach across the Australian Public Service to maximise the use of government data assets. The aim of the initiative is to provide cost-effective and timely insights from the analysis of government data to improve policy and program design, while ensuring the safe use of data in controlled environments.

Funding of \$130.8 million for the Data Integration Partnership for Australia was included in the 2017-18 Budget as part of the Public Service Modernisation Fund. The Department of the Prime Minister and Cabinet has overall responsibility for this initiative, which will be delivered in partnership with the Department of Finance; the Australian Bureau of Statistics; the Australian Institute of Health and Welfare; the Department of Health; the Department of Education and Training; the Department of Social Services; the Digital Transformation Agency; and the Commonwealth Scientific and Industrial Research Organisation. Additional Commonwealth entities will be involved through the data analytical units established as part of the implementation of this initiative.

The Assistant Minister for Cities and Digital Transformation has responsibility for this initiative.

Human rights implications

The Regulations do not engage any of the applicable rights or freedoms.

Conclusion

These Regulations are compatible with human rights as they do not raise any human rights issues.

**Senator the Hon Mathias Cormann
Minister for Finance**