

Wednesday, 9<sup>th</sup> April 2003

Mr John Carter  
The Secretary  
Joint House Committee on Public Accounts and Audit  
Parliament House  
Canberra ACT 2600

Re: Inquiry into the Management and Integrity of Electronic Information in the Commonwealth

Dear Mr Carter

Following on from my attendance at the recent session of the Joint House Committee on Public Accounts and Audit Inquiry into the Management and Integrity of Electronic Information in the Commonwealth, I offered to respond in writing to the committee on several matters raised during the hearing.

They related to the contractual sanctions applicable to EDS in its Commonwealth Government contracts and whether such sanctions had been applied.

In relation to the first question – which was specifically related to the types of sanctions applicable to EDS and whether these were only financial penalties, I can advise that there is a range of sanctions/penalties included in our contracts with the Commonwealth with respect to any security breaches.

Security obligations are precisely defined in the contracts, and breach of those obligations would constitute an event giving the Commonwealth the right to give immediate notice to terminate the contract. In addition there is an indemnity in favour of the Commonwealth for any losses suffered as a consequence of the breach of a security related obligation.

On the second question – as to whether any sanctions have been applied to EDS for security-related breaches, I am pleased to confirm my initial observation to the Committee that no sanctions or penalties have been applied to EDS for any security related breaches.

There was an additional general question in relation to EDS not being certified as having Gatekeeper authority. I can advise that EDS is not required to hold such authority.

For the Australian Taxation Office and Australian Customs Service, EDS manages the infrastructure on which these two agencies conduct their electronic business. The ATO is also a Certifying Authority for the issue of Certificates to clients who wish to use some of the ATO's electronic systems. However, this does not create a requirement that EDS also holds such certification as in this case the ATO is the issuing authority.

If the committee requires any additional information in relation to the above or regarding EDS' submission, please do not hesitate to contact me.

Yours sincerely

**Sheelagh Whittaker**  
**Executive Vice President**