

**Senate Environment, Communications, Information Technology & the Arts**

**Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Environment and Heritage Portfolio**

**Bureau of Meteorology**

Supplementary Budget Estimates 2000-2001, (23/11/00)

**Outcome 2,**

**Question: 117**

**Topic: Outsourcing**

**Hansard Page: 22**

Senator MARK BISHOP asked: *What was your budget in 1996?*

Answer: The Bureau of Meteorology's budget in 1995-96 was \$159.75m.

However, the question pertains to the percentage of the Bureau's budget committed to outsourced activities. That information is not available for the year 1995-96. In his evidence to the Committee, Dr Love referred to a 1996 Industry Commission study of outsourcing, which includes a figure for the Commonwealth Bureau of Meteorology of \$12.73m in contracts for the year 1993-94. The Bureau's budget for 1993-94 was \$142.31m. So the percentage of budget committed to outsourced activities in 1993-94 was  $(12.73/142.31) \times 100 = 8.95\%$ . The percentage of budget committed to outsourced activities in 2000-01 is  $(40.61/202.76) \times 100 = 20\%$ .

**Outcome 2,**

**Question: 118**

**Topic: Period of Outsourcing Contracts**

**Hansard Page: 24**

Senator MARK BISHOP asked: *What is the usual period of contract? Is there a usual period of contract?*

Answer: The Bureau's outsourcing contracts vary in length, with the larger contracts usually for 2-3 years with options to extend for 6-24 months. For example:

- the Gutteridge, Haskins and Davey (GHD) contract for building construction and maintenance has a term of 3 years with a 2-year option to extend;
- the Informatel contract for provision of the Weather-by-Fax service has a term of 2 years with a 1-year option to extend;
- the Information Dialling System (IDS) contract for the provision of the 1900 telephone weather services has a term of 2 years with two 6-month options to extend; and
- the Telstra contract for internet services has a term of 2 years with a 1-year option to extend.

**Senate Environment, Communications, Information Technology & the Arts**

**Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Environment and Heritage Portfolio**

**Bureau of Meteorology**

Supplementary Budget Estimates 2000-2001, (23/11/00)

**Outcome 2,**

**Question: 119**

**Topic: Policy on IT outsourcing of mission-critical areas and the implementation of this policy with respect to the Bureau of Meteorology**

**Hansard Pages: 25-27**

Senator MARK BISHOP asked: *Does the government have a policy on the outsourcing of these mission-critical aspects of the two major science areas?*

Answer: The question, as a policy question, was directed to the Minister, Senator Vanstone, who responded at the hearing that the question should be put to Mr Fahey as the Minister responsible for the policy area. A follow-up question on implementation of the policy within the Department was taken on notice by the Minister, Senator Vanstone, for referral to Senator Hill.

Senator MARK BISHOP asked: *Will the minister direct the Bureau to outsource the mission-critical aspects?*

Answer: The Whole of Government IT Outsourcing Project Evaluation and Decision Making process is best described by reference to the attached diagram from the Group 9 Project Guide. For the most part, this process proceeds without reference to the Ministers responsible for the Agencies.

The two main committees that coordinate and run the project are the Steering Committee, which consists of Agency Representatives (normally at the Executive level of the Agency), and the General Management and Negotiation Team (GMANT), which includes senior staff of each of the Agencies. The Steering Committee performs an oversight and decision making role. It addresses and resolves agency-specific and Group policy issues within the framework of the Initiative.

*Scope*

Because Group 9 is comprised of scientific and research Agencies, outsourcing the IT infrastructure of the Group presents some special issues. It is therefore expected that these special issues will require modification to the outsourcing model that has been used by the Initiative to date. Accordingly the Steering Committee requested OASITO to undertake a scoping study in order to identify the IT equipment and systems which may require the special treatment in Request for Tender documentation and the resultant contract, and to identify how such IT equipment and systems should be handled.

The objective of this study is to ascertain whether there are reasons justifying submission of a proposal to the Minister for Finance and Administration seeking to vary the scope of IT infrastructure to be outsourced in the Group 9 process.

**Senate Environment, Communications, Information Technology & the Arts**

**Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Environment and Heritage Portfolio**

**Bureau of Meteorology**

Supplementary Budget Estimates 2000-2001, (23/11/00)

The results of the scoping study are intended broadly to identify the categories of IT infrastructure to be included in the outsourcing contract as well as any variations that may need to be made to the standard outsourcing model to cater for the specific issues raised. OASITO and the Agencies are expected to work through the results of this scoping study and agree upon a recommendation to the Minister for Finance and Administration. Where issues of scope are not agreed between OASITO and the Agencies, the matter will be referred to the relevant Ministers for resolution.

The scoping study for Group 9 has been completed, albeit with some issues of scope still unresolved.

*Tender Selection*

The tender selection process is such that the GMANT Committee provides the Steering Committee with the evaluation of all tender bids on the basis of a technical, financial and legal analysis. This process does not rank the tenders but separates those that have met the evaluation criteria and those that have not.

The Steering Committee then oversees this evaluation and provides recommendations to an Options Committee. The Options Committee takes the report from the Steering Committee and combines this with a Industry Development evaluation conducted by The Allen Consulting Group and DoCITA. The Options Committee frames a recommendation based on these two reports and provides them to the Minister for Finance and Administration. At this point in the process the Minister may consult with other relevant Ministers responsible for the Agencies.

A single contract for all Agencies within the Group is signed by the Minister for Finance and Administration on behalf of the Commonwealth.

**Senate Environment, Communications, Information Technology & the Arts**

**Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Environment and Heritage Portfolio**

**Bureau of Meteorology**

Supplementary Budget Estimates 2000-2001, (23/11/00)

**EVALUATION AND DECISION MAKING PROCESS**

