

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
 Industry, Tourism and Resources Portfolio
 Supplementary Budget Estimates 2005-2006, 2 November 2005

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES AND ALL PORTFOLIO AGENCIES
TOPIC: PERFORMANCE OF ICT OUTSOURCING ARRANGEMENTS
REFERENCE: WRITTEN QUESTION

QUESTION No.SBI-111

Senator Conroy asked:

- (a) Please provide details of total departmental/organisational spending on Information and Communications Technology products and services during the last 12 months.
- (b) Please break down this spending by ICT function (eg communications, security, private network, websites).
- (c) Was this spending in line with budget forecasts for this 12 month period?
- (d) If not, please provide details of:
 - (i) The extent that ICT spending exceeded budget forecasts for this 12 month period;
 - (ii) Details of specific ICT contracts which resulted in department/organisation spending in excess of budget forecasts for this 12 month period;
 - (iii) The reasons ICT spending exceeded budget forecasts for this 12 month period.

ANSWER

Department of Industry, Tourism and Resources

Details of the Department's ICT outsourcing costs (actual expenditure and budget) for 2004-05 are provided below.

ICT Function	Budget 2004-05 (\$m)	Actual 2004-05 (\$m)	Variance (\$m)	Variance %
Telecommunications	1.3	1.6	0.30	23
Infrastructure	8.48	9.2	0.72	8
Internet and secure hosting	0.41	0.4	-0.01	-2
Total	10.19	11.20	1.01	0.29

* Figures are GST exclusive

- Telecommunications - the variation in ICT Telecommunications costs actual compared to budget for 2004-05 was approximately \$0.30m or 23% overspend. This variance has been driven by the establishment and integration of the National Measurement Institute, including the Australian Government Analytical Laboratory, within the Department and the resultant demand for voice services being higher than forecast for 2004-05. Macquarie Telecommunications and NEC are the major outsource suppliers for telecommunications services to DITR.
- Infrastructure - the variation in ICT Infrastructure costs for 2004-05 was approximately \$0.72m or 8% overspend, which is generally within budget expectations. The variance has been driven by the establishment and integration of the National Measurement Institute, including the Australian Government Analytical Laboratory, within the Department, with infrastructure costs being higher than forecast. Infrastructure support and project work is provided by Getronics. The WAN infrastructure is provided by Macquarie Telecommunications.

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- **Internet and Secure Hosting** - Internet and secure hosting costs in 2004-05 were 2% lower than forecast and were generally within budget expectations. Internet services are provided by Macquarie Telecommunications. Security services are managed in house and not outsourced.

IP Australia

Details of IP Australia's expenditure on outsourced ICT services in 2004-05 are provided below.

ICT Function	Expenditure 2004-05
Mainframe Services	\$963,156
Communications	\$49,365
Firewall Services	\$197,535
Total	\$1,210,056

* Figures are GST exclusive

This expenditure was in line with budget forecasts.

Geoscience Australia

Geoscience Australia's total expenditure on ICT products and services for the 2004-05 financial year is set out in the table below.

ICT Function	Expenditure 2004-05
Internet and telecommunications services	\$1,926,345
Contract staff and services	\$1,307,136
Equipment	\$2,828,475
Hardware maintenance	\$115,648
Lease and hire of equipment	\$161,337
Software maintenance	\$1,581,166
Total	\$7,920,107

* Figures are GST exclusive

This expenditure was in line with budget forecasts. Geoscience Australia actively manages its expected expenditure in relation to Information and Communications Technology products and services. Geoscience Australia's operational managers are accountable for their financial performance and at the end of each accounting period are required to provide a three month budget forecast and a year end result including commentary.

National Offshore Petroleum Safety Authority

NOPSA's expenditure on outsourced ICT services in 2004-05 is set out below.

ICT Function	Expenditure 2004-05
IT Support Services	\$44,438
Communications	\$14,326
Total	\$58,764

* Figures are GST exclusive

This expenditure was in line with budget forecasts.

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Tourism Australia

For the 2004-05 financial year, Tourism Australia spent \$7,540,207 on information and communications technology products and services. A breakdown for ICT spending for the 2004-05 FY is provided below.

ICT Function	Expenditure 2004-05
Communications expenses	\$2,605,603
Computer/technology expenses	\$4,934,604
Total	\$7,540,207

* Figures are GST exclusive

This spending was in line with budget forecasts.

QUESTION No.SBI-112

Senator Conroy asked:

Please provide details of any ICT projects that have been commissioned by the Department/organisation during the past 12 months that have failed to meet designated project time frames (i.e. have failed to satisfy agreed milestones by agreed dates). For such projects that were not completed on schedule, please provide details of:

- (i) The extent of any delay;
- (ii) The reasons these projects were not completed on time;
- (iii) Any contractual remedies sought by the Department/organisation as a result of these delays (eg penalty payments).

ANSWER

No ICT projects commissioned during the past 12 months by the Department, IP Australia, Geoscience Australia and the National Offshore Petroleum Safety Authority have failed to meet designated project time frames.

In relation to Tourism Australia, all (but one) of Tourism Australia business ICT projects commissioned after 1st November 2004 are within their respective timeframes and specifications. The only initiative which is incurring an extended timeframe for completion is the project nominated "Citibank Implementation", which is associated with implementation of Tourism Australia's new banking facility and online arrangements through Citibank – at a global level. The completion of this project has been delayed due to the dependencies on development components (shared between Tourism Australia and Citibank) that need to be put in place by Citibank before the respective services can be tested and fully accepted by Tourism Australia. Considering that the solution is partially in place (i.e. already operational in some of Tourism Australia's global office locations) the delayed completion of the project does not impact Tourism Australia's overall and main operations to any great extent. Therefore, no contractual remedies have been sought yet and the project is still being managed and controlled towards its completion.