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The Secretary
Senate Finance and Public Administration
References Committee
SG 60
Parliament House
CANBERRA ACT 2600

***RESPONSE TO QUESTIONS ON NOTICE : "ACCOUNTABILITY TO THE SENATE IN
RELATION TO GOVERNMENT CONTRACTS"***

I refer to Centrelink's submission in relation to notice of motion 489 (Senator Murray) and to the additional information requested of Agencies that appeared before the Committee on Thursday 11 May 2000.

Centrelink's response to the Committee's requests for additional information are :

(i) Suggestion(s) for alternatives to the reporting suggested in notice of motion 489

Except for the modifications to GaPS for contract start/end dates mentioned in our submission (perhaps with additional attention by Agencies to the information contained in the description field), Centrelink can make no further suggestion about improving the visibility of contracts let.

Also, it is recommended that industry be consulted to obtain suppliers views on any proposals to disclose contract information.

If this motion is to proceed, Centrelink is concerned that most contracts are likely to be flagged as containing confidential information and thus requiring assessment by the Auditor-General and/or by lawyers.

(ii) Cost to comply with notice of motion 489

Assuming that GaPS can be modified as the source data (eg to reflect contract start/end dates and to show a "confidentiality status" tag), Agencies costs would centre on the increased time taken to negotiate confidentiality on a clause-by-clause basis and then "converting" the signed contract into an electronic form for posting to the Homepage. The potential quantifiable costs are difficult to ascertain at this stage - a detailed functional & scoping exercise would be necessary but the below figures may serve as a preliminary indication :

Effect of the proposed reporting thresholds :

<u>Action</u>	<u>Indicative Cost Per Threshold</u>		
	\$10,000	\$50,000	\$100,000
Completion of 3 additional fields in GaPS per contract advertised	Negligible	Negligible	Negligible
Negotiation with suppliers on a contract-by-contract basis *	\$221,487	\$179,797	\$127,647
Contracts Data Administrator position @	\$66,980	\$53,584	\$53,584
TOTAL	\$288,467	\$233,381	\$181,231

* Does not include any time for Lawyer negotiation should that be necessary on a case-by-case basis. If that were necessary, informal legal advice is that the contract would probably need to be read by a lawyer and a opinion obtained. That may take on average 2 ½ hours at about \$250 ph per occurrence (ie an additional \$625 per contract). Also, the cost does not include elevation of case-by-case issues to more senior Agency staff.

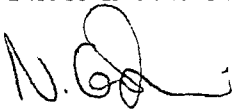
- @ Functions to be carried out by a Contracts Data Administrator position would include :
- (i) Editing of individual contracts to delete confidential information and creation of "Metadata" tags.
 - (ii) Placing on Agency Homepage (assuming that the contract is already an electronic document).
 - (iii) Delete contracts from Homepage as they expire.
 - (iv) Archive expired contracts.

Costing assumptions :

- As at end February 2000, Centrelink has :
 - 1,461 contracts valued at > \$ 10,000
 - 1,186 contracts valued at > \$ 50,000
 - 842 contracts valued at >\$100,000
- Assumes that the cost of modifications to GaPS to report on contract start/end dates would be met by OGO.
- Does not include any assessment of or provision for, hardware/storage capacity or data base development.

The above should only be regarded as broad and basic "indicative" costs. For instance, if hard copy, signed contracts have to be "scanned" into electronic format for posting to the homepage, costs can be expected to increase significantly. Also, the above costs are predicated on the assumption that the ANAO will not want to verify or comment on the confidentiality status of each contract. To introduce the ANAO into that process is likely to considerably increase Agency costs.

I trust that the Committee will find this information useful in it's deliberations.


 for MICHAEL GOLDSTEIN
 General Manager
 Contestability & Contracts

6 June 2000