

FINANCE

Efficiencies in Whole of Government Information Technology Infrastructure - Additional funding for Office of Government Information Technology

Function: Financial and Fiscal Affairs

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
0.0	8.6	4.7	0.0

Explanation

The funding will enable the Office of Government Information Technology (OGIT) to coordinate formal market testing processes across agencies for the outsourcing of the Commonwealth's Information Technology infrastructure, and to ensure that an open competitive process is followed with a standard framework being used for tender specification and evaluation and contracts. The corresponding cross portfolio measure titled 'Efficiencies in Whole of Government Information Technology Infrastructure' provides a description of the process and the savings attributed to each agency.

Given the scale and complexity of potential outsourcing it is essential to ensure that a robust, consistent, well-structured and professional process is adopted. Major outsourcing vendors are expected to have highly skilled technical, financial and negotiating teams with considerable experience in structuring and negotiating complex outsourcing transactions. Commonwealth departments and agencies have limited experience in this sphere and will require assistance in costing, contract specification and evaluation, contract negotiation and service and performance standards specification, both to safeguard the Commonwealth's interests and to ensure maximum savings.

OGIT will:

- provide a pool of experts with extensive outsourcing experience to provide leadership, advice and strategic direction to the outsourcing projects, and to assist in contract negotiations;
- develop and provide a contract, costing and project management policy framework to assist agencies in market testing and due diligence process;
- play a lead role (at least in initial contracts) in contract development, evaluation of vendor proposals, negotiations with vendors and financial modeling to support the interactive negotiations;
- ensure that knowledge and experience from across all competitive tendering processes is passed on to individual clusters;
- provide assistance to smaller agencies which do not have the necessary skills in-house; and
- provide strategic policy advice and reports to Government and steering committees on progress against whole of Government outsourcing objectives.

FINANCE

Office of Asset Sales - Additional running costs in relation to sales/reviews in the 1997-98 Budget

Function: Asset Sales

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
0.3	0.0	0.0	0.0

Explanation

The Government agreed to provide additional running costs to the Office of Asset Sales to fund additional workload for new sales and reviews announced in the Budget. The additional resources are one-off and commensurate with the increase in the asset sale workload in 1997-98.