

Barton Deakin Brief: Digital Transformation Agency's ICT Procurement Reforms**23 August 2017**

Today, the Assistant Minister for Cities and Digital Transformation, The Honourable Angus Taylor MP, announced a series of reforms involving the processes behind the Federal Government's ICT procurement strategy. This Barton Deakin Brief outlines the key aspects of the reforms.

Overview

The changes come in the wake of the Government's *ICT Procurement Taskforce Report*, which delivered 10 recommendations designed to move away from a "culture of risk aversion in government procurement [which has] undermined freedom to innovate and experiment" and toward a contestable, efficient, and transparent approach to ICT procurement.

Speaking to industry leaders in Canberra, Assistant Minister Taylor and Digital Transformation Agency (DTA) CEO Gavin Slater stated that the objectives for the procurement overhaul are designed around progressing cultural change and the upskilling of the Australian Public Service (APS) in order to deliver and support more agile ICT projects.

There is a clear appetite to encourage a whole-of-government approach toward delivering "quick wins" (during 2017 in each identified area), providing government services at a lower cost, reducing the barriers to entry for small-to-medium enterprises (SMEs) to work with Government, and encouraging innovative, 'elegant' solutions to complex government issues.

The DTA has a lead role in driving the Government's new approach to procurement. They have established a dedicated procurement arm within the agency.

\$100m or 3-Year Cap on Government Contracts

As of 23 August 2017, ICT contracts with the Government will be capped at a maximum value of \$100m or a three-year duration (whichever is arrived at first). The cap is designed to diversify the input bases on large government projects, encourage private-public sector partnerships and industry consortiums, and deliver more agile and efficient results. The cap is modelled on a similar [initiative](#) implemented by the UK Government in 2012.

Assistant Minister Taylor emphasised the agency's move away from large scale 'waterfall' projects toward smaller, fast moving, and agile projects delivered by a diverse range of companies in the tech space.

This cap will apply immediately to any forthcoming projects, but will not affect current government contracts in place.

Commitment to Granting 10% of Government Contracts to SMEs

The Government has also announced that of the \$6.5b spent annually on ICT contracts by the Federal Government, 10% will be allocated to contracts for SMEs – equating to a \$650m injection into Australia's SME technology industry.

Dynamic Pricing, Encouraging Unsolicited Proposals and E-Cataloguing

The DTA has also announced changes set to be made to technical elements of the procurement processes. Over the coming year, the Federal Government plans to implement:

- Dynamic pricing arrangements
- Standard terms for ICT contracts
- Catalogue based e-procurements
- Shopping cart capability
- “Ask-the-market” capability (which will allow vendors to put forward outcome-based solutions and protect intellectual property).

The new attitude toward contract proposals will largely be outcome-driven, with incoming CEO of the DTA Gavin Slater emphasising the Agency’s preference for a “don’t tell me, show me” approach.

Upskilling of the Australian Public Service’s ICT Procurement Capability & Culture

The report’s 10 recommendations point directly to an opportunity for leading ICT providers vying for large contracts to partner with Government to deliver training and upskilling programs for use on major projects that can be transferable to lateral initiatives and future opportunities.

Canberra: The Nation’s digital hub

Assistant Minister Taylor emphasised that the above changes are all designed with an eye to growing Australia’s ICT industry and using government policy to foster the growth of innovative, agile, and efficient ICT products and services. The changes will establish Canberra as the Nation’s digital hub and support expanded roles in ICT in cities and regions across Australia. Through collaborations, consortiums, industry partnerships, and innovation hubs, Assistant Minister Taylor identified the opportunity for Canberra to become a world leader in digital technologies.

The new procurement process will be led by the [Digital Transformation Agency’s](#) procurement arm.

Read the Assistant Minister for Cities & Digital Transformation Angus Taylor’s media release [here](#).

Read the ICT Procurement Taskforce’s report [here](#).

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