

Federal spend up despite contract dip

Paul Smith

Australian federal government spending on information technology in the first three months of 2011 has fallen by almost \$200 million in comparison with 2010, according to analysis of contracts. But the year as a whole is set to outstrip 2010.

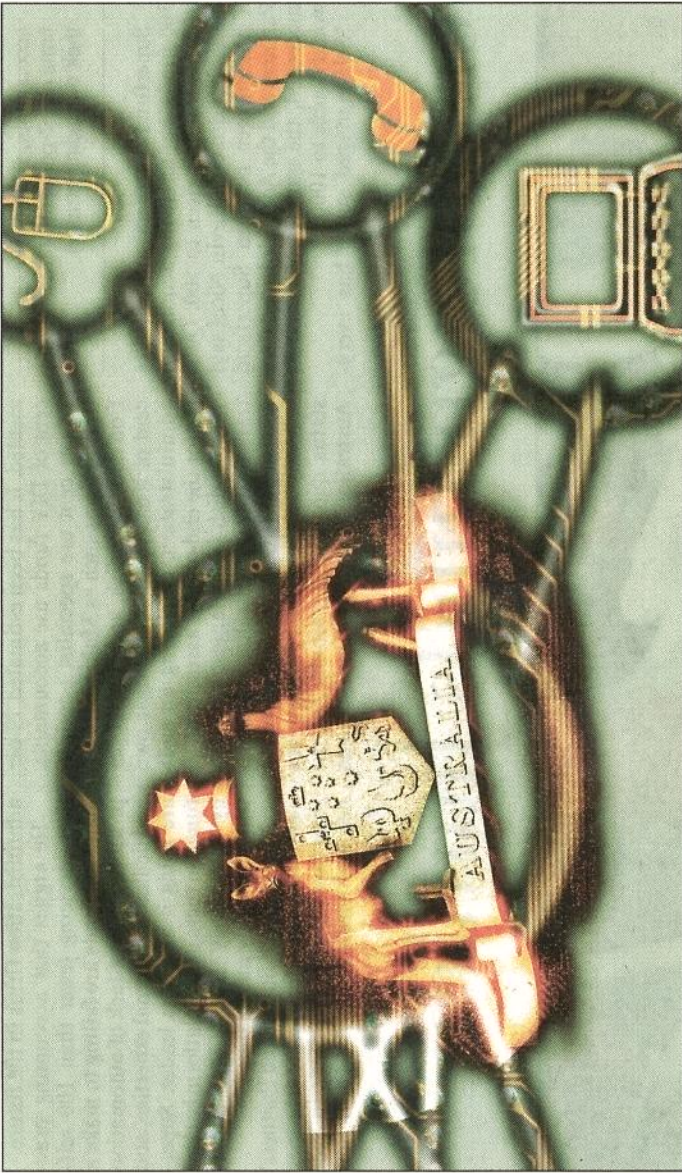
Government advisory firm Intermedium said that with about 67 per cent of the quarter's contracts published, government agencies had signed off on 2885 contracts worth \$681 million, with an expected final value of \$900 million from about 3800 contracts.

This compared with 3862 third-quarter contracts signed in 2010, with a combined value of \$1.1 billion. But taking the year as a whole, the figures show that the 2011 financial year is already outstripping 2010.

For the financial year to March 31, Intermedium said \$5.03 billion worth of IT contracts had been signed off in Canberra, comprising 12,070 contracts. This compared with 18,101 contracts for the full 2009-10 year worth a total of \$4.74 billion.

The Australian Taxation Office's finalising details of its new outsourcing arrangements during the year, after the break up of its decade-long agreement with EDS, had been the major factor in the rise.

The ATO was easily the biggest government technology spender in the past financial year.



In defence of technology . . . government IT contracts are set to outstrip last year's.

Illustration: KARL HILZINGER

Outsourcing work won by Hewlett-Packard Enterprise Services (formerly EDS) was valued at \$853 million and two computer services deals with Lockheed Martin were worth a combined \$283 million.

HP Enterprise Services is way ahead of all other government suppliers in Intermedium's year to date

figures, booking government work worth more than \$1.6 billion. This included work won on the ATO's centralised computing contract, as well as extensions to its previous mammoth deal with the ATO, which expires at the end of June 2012.

The size of the ATO deal is further highlighted by the fact that the

second biggest federal supplier this year has been Lockheed Martin Australia, which picked up \$289.1 million worth of work; \$283 million of this came from a five-year desktop services contract with the ATO, and the rest came from the Department of Defence.

Following on for the year to date is

KEY POINTS

- The Tax Office is by far the government's biggest spender on technology and IT services.
- HP Enterprise Services has won the lion's share of federal contracts.
- Defence signed 2011's biggest deals.

IBM Australia with \$252.5 million, Telstra with \$247.5 million, Fujitsu with \$219.9 million and CSC with \$211.1 million.

Interestingly, the next biggest IT supplier to the government is Centrelink.

It has so far earned \$97.3 million supplying ICT infrastructure services to the Department of Veterans Affairs, which is moving to a shared services arrangement with the Department of Human Services.

From January to March 2011, the top three contracts published have all been with the Department of Defence. CSC scooped the biggest deal, worth \$53.6 million for a Defence-wide electronic health data information system.

In addition, consultancy firm Jakeman Business Solutions picked up a \$49.8 million deal to manage Defence's corporate enterprise content management systems for the next three years, and Fujitsu will earn \$38.3 million for providing core IT services.