

## Senate Inquiry into the Census, Senate Economics References Committee

Tuesday 25 October 2016

### Questions on Notice

1. Please provide a breakdown as to how many meetings were held with each minister since 2014?

The following number of meetings took place between the Australian Statistician and the Portfolio Ministers, since 1 January 2014 until 25 October 2016.

Minister	Number of meetings
The Hon. Michael McCormack, MP <b>From</b> 19/07/16	9
The Hon. Alex Hawke, MP 21/09/15 to 19/07/16	8
The Hon. Kelly O'Dwyer, MP 23/12/14 to 21/09/15	17
The Hon. Steven Ciobo, MP 1/01/14 to 23/12/14	7
<b>Total</b>	<b>41</b>

2. Between 25 July and census night, how frequently did the ABS and the minister communicate about the census?

There were two face-to-face meetings between the Minister and Australian Statistician.

3. On how many further occasions did you contact Minister McCormack during Census night? What updates did you provide on each occasion and what response did you receive from the minister on each occasion?

The Australian Statistician called the Minister on four occasions on Census night.

The Australian Statistician provided advice on the nature of those conversations to the Senate Inquiry hearings.

4. How did the ABS limited tender approach to IBM for the 2016 eCensus comply with the Commonwealth Procurement Rules?

#### Compliance with Commonwealth Procurement Rules (CPR)

From 1 July 2014, the ABS, as a non-corporate Commonwealth entity, was required to comply with the 2014 Commonwealth Procurement Rules (CPRs). This change reflected the introduction of the *Public Governance, Performance and Accountability Act 2013*

(PGPA Act). Before the introduction of the PGPA Act, the ABS operated under the *Financial Management and Accountability Act 1997*.

Procurement for the 2016 eCensus program commenced before 1 July 2014. However, all procurement activity followed the transition guidelines issued by the Department of Finance. **Accordingly, all procurement for this contract undertaken under the FMA Act was consistent with the requirements under the PGPA Act introduced on 1 July 2014.**

The Minister for Finance states in his foreword to the 2014 CPRs that:

*“...The Commonwealth Procurement Rules are the keystone of the Government’s procurement policy framework. The rules enable entities to design procurement processes that are robust and transparent while permitting innovative solutions that reflect the scale, scope and risk of the desired outcome. Officials must achieve value for money in procurement..... In conducting procurements, officials are expected to appropriately manage risk. This requires considering the approach to procurement, evaluating available courses of action and recording and documenting relevant decisions. When making decisions, officials should be aware of their responsibilities to make proper use of public resources under the PGPA Act....”*

This encapsulates the ABS’s approach to the procurement of the contract for the 2016 eCensus.

### Limited Tender

The ABS engaged IBM Australia Ltd (IBM) through a limited tender. A limited tender involves a relevant entity (ABS) approaching one or more potential suppliers to make submissions when the procurement process does not meet the rules for open tender or prequalified tender. As this procurement was not exempt from the CPRs the limited tender needed to comply with paragraph 10.3. The section of this paragraph that was relevant for ABS’s decision to go to limited tender is clause e:

#### **Conditions for limited tender**

- 10.3 A relevant entity **must** only conduct a *procurement* at or above the relevant *procurement threshold* through *limited tender* in the following circumstances:
- e. for additional deliveries of *goods* and services by the original *supplier* or authorised representative that are intended either as replacement parts, extensions, or continuing services for existing equipment, software, services, or installations, when a change of *supplier* would compel the *relevant entity* to procure *goods* and services that do not meet requirements for compatibility with existing equipment or services.

The reasons for deciding to go with a limited tender approach with IBM are outlined in the ABS Spending Proposal submitted as a response to a Question on Notice to the Committee on 18 October, 2016. In summary:

- Capability Driven Acquisition Pty Ltd (CaPDA) was engaged by the ABS to assess ABS ICT capacity and capability and to provide a statement of requirements to inform an approach to market for a prime partner. The final report made 24 recommendations. The report also provided advice on the options and risks of procuring a prime partner, including specific advice on engaging IBM through a limited tender (subject to compliance with the CPRs).

- IBM was the original supplier, successfully providing the online Census applications in the 2006 and 2011 Censuses.
- Market scans undertaken by CaPDA led the ABS to a conclusion that other IT suppliers would want to develop their own IT solution rather than build on the existing solution. Developing a new solution was considered to be highly likely to be significantly more expensive, and involving increased risk of an untested application, particularly given the timeframes available.
- The IBM submission was assessed to provide value for money. This value was assessed by comparing the proposed cost for the 2016 eCensus solution against the actual cost of the 2011 eCensus Solution. The 2016 cost was less than in 2011, with additional system functionality and capability: increased take up capacity from 50% to 80%; extended availability by 2 weeks; and redesigned interfaces.
- Continuation of the ABS Online Census solution also allowed the ABS to take advantage of the investment in system development that occurred for 2006 and 2011. It also enabled the ABS to begin testing immediately rather than waiting for months of development to be completed with possible failure at the end.
- The Online Census solution needs to be tightly integrated with a range of ABS developed and supported systems for the receipt, registration and decryption of completed Census data, and communication with Census field workforce. The adoption of a different solution from 2011 would have required the re-development of these integrating systems.