



AUSTRALIAN INDUSTRY

GROUP

**Ai Group Submission on the Australian Government  
Information Management Office consultation paper**

***ICT Supplier and Client Code of Conduct Principles***

**November 2009**

## **Executive Summary**

The Australian Industry Group (Ai Group) welcomes the opportunity to comment on the Australian Government Management Office (AGIMO) consultation paper *ICT Supplier and Client Code of Conduct Principles*.

The ICT Supplier & Client Code of Conduct principles (“Principles”) have been developed under Recommendation 6 – Improve the Efficiency and Effectiveness of the ICT Marketplace within Section 5.6.2 of the overall Review of the Australian Government’s Use of Information & Communications Technology.

The recommendation by Sir Peter Gershon states “Work with industry to develop client and supplier codes of conduct with agreed escalations for non-compliance.”

Ai Group wholly supports the development of the Principles and what they represent in the context of setting expected standards and behaviours for all members of the Australian Government’s supply chain from its agencies and bodies through to suppliers.

On the basis of feedback from members, however, the main response can be stated to reflect the general position of industry that the Principles, although technically correct, appear insufficient and underdeveloped.

In particular, Ai Group notes that;

- The Principles do not sufficiently address the specific barriers, risks & costs to Small-to-medium-enterprise.
- The Principles do not differentiate between the Supply and Demand side responsibilities.

Overall, Ai Group notes that the Principles seem to have been developed more as a guide, whereas the broader industry expectations were to set specific priorities.

### **Where to From Here?**

In light of the views set out above, Ai Group proposes that AGIMO form a task force with industry that will address the key issues and specifically work to construct a more detailed position on the Principles. The purpose of which is to work collaboratively with related parties within AGIMO and industry to inform and develop an effective and mutually enforceable ICT Supplier & Client Code of Conduct that delivers benefit to all parties.

### **Ai Group’s original response to the review**

#### *General*

Ai Group found little to disagree with in Gershon’s key findings, which accurately reflect current inefficiencies in the approach to ICT procurement and use by government. In addition, Ai Group openly welcomed the fact that Gershon acted in several areas raised by Ai Group during the Review’s formal consultation process.

#### *Response to Recommendation 6 – Improve the Efficiency and Effectiveness of the ICT Marketplace*

The government ICT marketplace is neither efficient nor effective

Significant price distortions across ICT procurements and inefficiencies present within common ICT use clearly demonstrate that, as presently configured, the ICT marketplace within Government is dysfunctional. Indeed, Ai Group would question whether an effective 'marketplace' actually exists in many areas of Government.

In addition to moves advocated by Gershon to establish an effective whole of Government process, Ai Group believes the Government should allow established market mechanisms and signals to work free from bureaucratic constraint, wherever possible.

Another key component to ensuring a more efficient ICT market place is the wholesale application of the Gateway Review process. Established international and State practice has already demonstrated the effectiveness of Gateway reviews as a mechanism for ensuring both probity and value for money. Gateway Reviews, crucially, embrace external assessment and peer review, and it is deeply concerning that the Review's findings indicate that, at present, only a small number of government agencies are submitting themselves to the discipline that a Gateway Review involves. Current evidence also indicates that the oversight of ICT projects is primarily an internal function, where it exists, and Ai Group recommends the widespread application of Gateway Reviews as a tool for driving greater rigour and better governance across the public ICT marketplace.

### **About Ai Group**

The Australian Industry Group (Ai Group) is a leading industry association in Australia. Ai Group member businesses employ around 750,000 staff in an expanding range of industry sectors including: manufacturing; engineering; construction; transport; information technology; labour hire; defence; airlines; and other related service industries. Its members operate small, medium and large businesses. They include many major Australian and global companies operating in a range of industries.

The organisation provides practical information, advice and assistance to help members run their businesses more effectively. It ensures through policy leadership that members have a voice at all levels of government, by representing and promoting their interests on current and emerging issues.

Ai Group has a strong focus on the ICT, Electronics and Electrical industry where it represents and articulates the views of the related sectors within Ai Group, and on their behalf, to advocate and aid the development of the industry.

### **Key Contacts**

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