

NSW Government Procure IT

New Framework for IT Period Contracts
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1. Introduction

Hawker Britton Occasional Papers are created to keep clients informed on Government restructures, policy updates, regulatory changes and to provide political analysis.

This paper focuses on changes to Information Technology contracting processes between the NSW Government and suppliers.

The information in this paper is not exhaustive and while every effort has been made to ensure accuracy at the time of print – Hawker Britton does not guarantee the accuracy of all information.

2. Background

The NSW Government recently announced changes to the design and documentation of Information Technology period contracts between NSW Government agencies and suppliers.

The new regime is called Procure IT, and will be adopted as the standard documentation procedure for all IT period contracts with the NSW Government.

While period and panel contracts generally do not involve large-scale single purchases, they have a number of important benefits for companies seeking to do business with Government. These include:

- long-term supply of services to Government;
- establishing a relationship with Government;
- introducing Government to new products and value-offers;
- providing Whole-of-Government goods and services; and
- familiarising suppliers with Government bureaucratic and political priorities.

Period contracts are the responsibility of the State Contracts Control Board (SCCB) and administered by the Offices of Government Business and Government Procurement in the recently restructured Department of Commerce.

Period contracts are arranged by public tender for a specified period (usually three to five years). They can comprise a single supplier or panel, and often cover Whole-of-Government service delivery, but also agencies and local government.

3. What is Procure IT?

Procure IT comprises a standard set of documents, terms and conditions for Information Technology contracting by the NSW Government. It replaces the Government Information Technology Conditions (GITC) Version 2.

Procure IT was developed in 2003 following extensive consultation with NSW Government clients and the IT Industry, including the Australian Information Industry Association (AIIA).

The new system is designed to promote commercially fair conditions and create pro-forma contracting tools.

Procure IT is essentially a documentation framework, designed to simplify the procurement of information technology products and services by government agencies. It is hoped Procure IT will work as a 'template' design system for IT contracts comprising a flexible 'pick and mix' set of pro-forma documents.

The framework will be implemented as new contracts are established or when existing contracts come up for renewal. All new and renewed period arrangements prepared by the State Contracts Control Board for the NSW Government will use the Procure IT framework.

Procure IT is currently being piloted in the renewal process for the NSW Government's Software Development Services contract (No. 2036). The pilot program will be carried out over twelve months. Issues arising during the trial will be addressed in time for wide-scale use by 2005.

4. How will Procure IT work?

All NSW Government agencies requesting supply of IT through a period contract will use the new Procure IT documentation.

Potential benefits to suppliers of this pro-forma arrangement include:

- A more flexible period contract system with separate 'modules' within each contract, allowing the removal of components which are not applicable. This will also enable adding further contract components as needed.
- The Government customer will now pay the cost for any top-up in insurances.
- A clearer, more defined approach to testing and acceptance of contract services.
- Contract clauses, often challenged or queried by suppliers, will now be subject to greater certainty.
- There will be defined categories of service provision for each supplier in contract head-agreement.
- Procure IT includes an innovation clause which it is hoped will encourage suppliers to add value to service levels through cost savings.
- Previously under the old GITC framework, suppliers received a generic contract document with every tender. Under Procure IT, suppliers will receive a draft tailored document providing more certainty.
- The overall contract document and forms have been simplified and shortened.
- The flexible nature of Procure IT means its contract documents can be adapted for one-off purchases.

The pro-forma documentation framework simplifies the IT procurement process for both the buyer and contractor. The overall system is intended to provide a number of insurances and a greater degree of predictability and certainty for both parties.

For more information, visit:

<http://www.supply.dpws.nsw.gov.au/Procure+IT/Procure+IT.htm>

The Department of Commerce is also hosting an annual exhibition of NSW Government contracts in August, <http://www.supply.dpws.nsw.gov.au/Events+and+Training/Events+and+Training.htm>

Hawker Britton

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