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Joint Committee of Public Accounts and Audit
Inquiry into Commonwealth procurement
3 March 2023

1. Procurement is an important and substantial activity for the Australian Government. AusTender is the Australian Government's procurement information system, a centralised web-based facility that publishes a range of information pertaining to procurements and contracts awarded. Reporting on AusTender is mandated in the Commonwealth Procurement Rules (CPRs) for all non-corporate Commonwealth entities, and a select number of prescribed corporate Commonwealth entities.
2. Section 25 of the *Auditor-General Act 1997* enables the Auditor-General at any time to cause a report to be tabled in either House of the Parliament on any matter. The ANAO conducted analysis of procurement data published onto AusTender and presented this in an information report, Auditor-General Report No. 11 of 2022–23 *Australian Government Procurement Contract Reporting — 2022 Update*. The objective of this information report is to provide transparency of, and insights on, procurements, procurement suppliers, use of competitive procurement processes and standing offers. This is the third information report prepared by the ANAO on the same topic.
3. An information report is not an audit. The ANAO did not make any findings, form any audit judgements, or arrive at any conclusions. The purpose of the report was to provide insights from publicly available information.
4. The primary data used for the information report is based on information self-reported by entities on AusTender for contracts that commenced between 1 July 2012 and 30 June 2022.
5. The data was provided to the ANAO by the Department of Finance (Finance).
6. The ANAO did not test the integrity nor gain any assurances over the underlying data used for this report. The ANAO performed diagnostics over the AusTender data provided by Finance and confirmed that high level summary statistics could be corroborated by Finance.
7. The key information from the report is:

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Procurement contracts and amendments:

- 824,178 contracts were reported on AusTender with a start date between 1 July 2012 and 30 June 2022, with a total commitment of \$564 billion in value.
- One third of the total contract value was committed through amendments over the last 10 years, and the value of contract amendments to existing contracts has increased from \$4 billion in 2012–13 to \$28 billion in 2021–22.
- The median value of parent contracts has increased over the 10 years from \$35,568 in 2012–13 to \$68,064 in 2021–22. When a contract has an amendment to its value, the median value of contract amendments has increased, from \$59,151 in 2012–13 to \$122,066 in 2021–22.
- Among all parent contracts that committed less than \$80,000 before contract amendments, the proportion of contracts that committed \$80,000 or more after contract amendments has increased from three per cent in 2012–13 to six per cent in 2020–21.

Timeliness of reporting

- The median number of days taken to report a contract onto AusTender from the reported start date has decreased from 12 days in 2012–13 to eight days in 2021–22; however, 13 per cent of all contracts over the past 10 years were reported on AusTender after 42 days from the reported start date.

Procurement categories

- The committed value of procurements was highest for the procurement categories of:
 - ‘Commercial and Military and Private Vehicles and their Accessories and Components’ (\$123 billion);
 - ‘Management and Business Professionals and Administrative Services (\$107 billion); and
 - ‘Engineering and Research and Technology Based Services’ (\$57 billion).
- These three categories also had the greatest number of contracts.
- The number of consultancy-related contracts has remained relatively consistent between 2012–13 and 2021–22, with an average of 4,071 contracts per year. The total committed value for these consultancy-related contracts has increased from \$352 million in 2012–13 to \$888 million in 2021–22.

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Use of competitive procurement processes:

- The use of the 'Open Tender' procurement method has increased, from 40 per cent of all contracts in 2012–13 to 55 per cent in 2021–22. Procurements categorised as 'Open Tender' includes contracts associated with standing offers that were set up via an open tender procurement approach.
- The use of the 'Limited Tender' procurement method has decreased, from 53 per cent of all contracts in 2012–13 to 45 per cent in 2021–22.

Standing Offers

- Standing offers are increasingly used for procurements. The proportion of the number of contracts associated with a standing offer has increased from 28 per cent in 2012–13 to 50 per cent in 2021–22. The proportion of contract value that is associated with a standing offer has increased from 12 per cent in 2012–13 to 34 per cent in 2021–22.
 - There were 1,418 standing offers that were reported to be panel arrangements, of which 336 had only one supplier listed on the panel. There were 5,155 contracts with a committed value of \$8.8 billion that were associated with these single-supplier panel arrangements.
 - Seven of the top 10 panel arrangements by total committed value over the last 10 years had at least 80 per cent of the total value committed to 20 per cent or less of the suppliers represented on the panel.
 - The Digital Marketplace Panel was the largest panel by number of suppliers that was active between 2012–13 and 2021–22, with 3,273 suppliers listed on the panel. There were 28,009 contracts with a committed value of \$8.6 billion that were associated with the Digital Marketplace Panel over the last 10 years.
8. As an information report there were no conclusions, findings or recommendations.
 9. We would be happy to answer any questions the Committee may have.