

## **Senate Finance and Public Administration References Committee Inquiry into Commonwealth Procurement Procedures**

Mr John Sheridan, Australian Government Procurement Coordinator,  
First Assistant Secretary, Technology and Procurement Division, 2.15pm,  
28 April 2014.

- I'd like to start by thanking the Committee for the opportunity to attend the second hearing.
- The purpose of this opening statement is to reflect on additional information provided to the Committee since the first hearing on 21 March 2014. I will not restate previous information provided.
- There isn't a structure to the points that follow, as I am just dealing with them in turn.

### **Readability of the CPRs**

- There was an assertion that CPRs '...contain a good deal of distracting and unnecessary commentary...'. It is worth noting that the primary audience for the CPRs is Government procuring officials. Because of this, the CPRs are transactionally focused and balance the need for clarity of rules whilst maintaining a level of flexibility for agencies to support the CPRs with their own internal procedures. This allows agencies to undertake processes that are commensurate with the scale, scope and risk of the procurement.
- The CPRs are supplemented by a range of web guidance to assist agencies to implement the procurement framework and Finance provides a procurement training program for agency staff.
- In addition, the Finance website includes a 'Selling to the Australian Government A Guide to Business'. The Guide provides practical advice for potential suppliers such as how to find opportunities and submit competitive tenders.
- The most recent review of the CPRs was conducted in 2012. The review was a collaborative process with senior procurement officials, Chief Financial Officer's areas and the ANAO. The 2012 CPRs update included clarification of the mandatory requirements for all procurements to ensure consistency, clarify certain terminology and redefine the procurement methods as recommended in the ANAO's 2011 audit on Direct Source Procurement.

- Finance, through its engagement with senior agency procurement officials, regularly reviews the content and readability of procurement related materials.

### **AIIA Suggestions**

- In relation to the recommendations made by the Australian Information Industry Association, the majority are already included in the CPRs with the exception of the Concept Viability Model.
- The Association detailed the Concept Viability Model that, in theory, allows public sector customers to have a two-way dialogue with the ICT market; and provides suppliers with an opportunity to help shape and validate ideas, plans and requirements. While we will continue to monitor developments, through various avenues including consultation with the Association, I have been unable to discover evidence to suggest that our UK equivalents make any significant use of the Concept Viability Model.
- The Association also commented on the procurement practices of other jurisdictions. Finance monitors such developments and any suggestions for continuous improvement are discussed and evaluated through our ongoing consultative arrangements.
- We recognise the States and Territories implement practices that vary from those at a Commonwealth level. However, there is no publicly available documentary evidence to suggest their outcomes are better. For example, in terms of transparency, the Commonwealth requires all contracts above \$10,000 to be reported publicly on AusTender. This provides the highest level of transparency in comparison to other jurisdictions.
- The Association makes specific suggestions on procurement practices for the Australian Government, which includes 'pre-market requirements' and 'going to market'. The Australian Government has existing measures, through AusTender, to ensure transparency during procurement processes and provide advance notices to potential suppliers via Annual Procurement Plans.
- The Association suggests that in the case of ICT procurement, government professionals should have a sound knowledge of relevant technology and business practices, through both formal and on the job experience. My role as the Australian Government Chief Technology Officer involves oversight of many ICT-related procurements and ICT procurement panels. I can assure Senators that staff involved in these procurements have both formal and on the job experience.
- I note that since August 2011, the Australian Government Procurement Coordinator complaints function has only been utilised 9 times.

- In providing assistance to business in this and my ICT roles, I meet regularly with vendors (3 to 4 per week) to discuss general procurement issues as well as ICT specific issues. These vendors range in size from Small and Medium Enterprises right through to large corporations. Vendors rarely use such opportunities to raise concerns with the procurement process.

#### **Flags Amendment Bill 2014**

- As noted in Finance's submission in relation to the Bill, it seeks to preference suppliers on the basis of their location and origin of their goods. Such an approach is likely to be inconsistent with the CPRs and Australia's international obligations.