



THE HON TONY ABBOTT MP
MINISTER FOR HEALTH AND AGEING
Leader of the House of Representatives

7 MAR 2005

Mr Bob Baldwin MP
Chairman
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT (JCPAA) REPORT
NO. 402 - REVIEW OF ANAO REPORT ON THE MANAGEMENT OF THE
PLASMA FRACTIONATION AGREEMENT (PFA) EXTENSION OPTION**

Dear Mr Baldwin 

I refer to the recommendations of the above JCPAA Report, tabled on 13 August 2004.

Please find attached the Department of Health and Ageing's response to the relevant recommendations, prepared in the required *Executive Minute* format.

If you have any questions about the Department of Health and Ageing's responses please contact Mr Phillip Jones, Assistant Secretary, Audit and Fraud Control Branch, on (02) 6289 7877 in the first instance.

Yours sincerely


TONY ABBOTT

Encl

EXECUTIVE MINUTE

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT NO. 402

Review of ANAO Report on the Management of the Plasma Fractionation Agreement (PFA) Extension Option

General Comments

The Department of Health and Ageing (the Department) is supportive of the Committee's recommendations in relation to competitive tendering and contracting. The Department's responses to those recommendations detail a range of activity including training and improvements to process which are designed to deliver improvements in the Department's tendering and contract management. The introduction from 1 January 2005 of the new Commonwealth Procurement Guidelines has provided the Department with a further opportunity to improve performance in this important area of public administration.

Responses to the Recommendation(s)

Recommendation No. 1 paragraph 3.56

The Department of Health and Ageing develop staff skills and understanding of the guidelines relating to Competitive Tendering and Contracting set down by the Department of Finance and Administration.

The National Blood Authority take account of the Commonwealth Procurement Guidelines.

The Department of Health and Ageing (the Department) responds to the Committee's recommendation as follows:

The Department supports the Committee's Recommendation No. 1. During 2004 the Department provided a range of training opportunities to develop staff skills in relation to Competitive Tendering and Contracting. Initiatives include:

- supporting a number of staff to undertake the Certificate IV in Government (Procurement and Contracting); and
- providing opportunities for a significant number of departmental staff to undertake the Department's internal procurement and contracting training. The course titles and numbers of staff attending this internal training are detailed in the table below.

Training Course	Number of Staff Attending
Contract Management- Procurement Overview	119
Contract Management - Procurement Workshop	96
Legal - Introduction to Contract and Funding Agreements	184
Discovering Clerkliness	223
Legal - Funding Agreements	94

Aside from the training mentioned above, the Department's intranet site, internal instructions and job aids (including a procurement manual) provide staff with information on competitive tendering and contracting. Further, the Department's Business Group provides help desk type support.

Recommendation No. 2 paragraph 3.74

The Secretary of the Department of Health and Ageing ensure that improvements occur in contract management, and that contract management staff comply with the Commonwealth's Procurement Guidelines and circulars as well as any related Chief Executive Instructions.

The Department of Health and Ageing (the Department) responds to the Committee's recommendation as follows:

The Department supports the Committee's Recommendation No. 2 and has reviewed the internal processes and organisational arrangements that apply to contracting and tendering. As a result of this review the following actions are being undertaken:

- an intranet based electronic toolkit has been developed – for deployment in February 2005. The toolkit provides a “one stop shop” of templates, links to policy and the job aids required to assist staff to administer their contracting and tendering responsibilities; and
- changes are being made to the service delivery model used to provide policy and process advice. These changes include a move to improve the skills of local staff along with a corresponding devolution of policy advising responsibility to line areas.

In addition to the initiatives outlined above, the Department is applying considerable resources to the implementation (from 1 January 2005) of the new Commonwealth Procurement Guidelines (CPGs). The initial information dissemination on the new CPGs will be supplemented with an extensive round of training across the Department. This training will commence in early February 2005 and will further develop staff skills and understanding of the Department of Finance and Administration's guidelines.



Jane Halton
Secretary

27 February 2005