

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: Finance
Outcome/Program: 2/2.5
Topic: Economic Benefit

Senator: Kitching

Question reference number: F77

Type of question: Hansard Proof, 25 May 2017, F&PA Committee, page 72-73

Date set by the committee for the return of answer: Friday, 7 July 2017

Number of pages: 2

Question:

Senator KITCHING: I want to ask about 10.30, the new economic benefit test. Since 1 March, how many procurement arrangements above the \$4 million threshold have been considered using the new economic benefit test that was legislated last November?

Mr Sheridan: I do not know the answer to that.

Senator KITCHING: I am happy for you to take it on notice.

Mr Sheridan: I am not sure that I could give you a sensible answer anyway.

Senator Cormann: On notice we will assess to what extent we can, and if we cannot we will explain why we cannot.

Senator KITCHING: I am happy to ask again at the next estimates. Could you find out in the meantime if there have been any of those arrangements arrived at under that new test? Have any other procurement arrangements not proceeded because they did not meet the economic test of the new procurement rules?

Senator Cormann: That goes to the same issue. We will take it on notice.

Senator KITCHING: Have any procurement arrangements that did not meet the economic benefit assessments been subsequently reassessed or retested with modifications?

Senator Cormann: We will add that to the list.

Senator KITCHING: Have any that did not pass the economic assessment subsequently re-enter the procurement process with contracts for less than \$4 million?

Senator Cormann: The same.

Senator KITCHING: How are agencies assessing economic value? I am happy for you to take that on notice. What guidelines are they using?

Senator Cormann: The guidelines would be the Commonwealth Procurement Rules as amended. The revised rules came into effect on 1 March 2017. They are public—they are on our website. I think I tabled them in the Senate during the debate towards the end of last year. The guidance is published, too.

Senator KITCHING: What I would really like to know, I guess, is what economic value has been created. I realise that it is quite early on, but what economic benefit has been created?

Senator Cormann: Essentially, it is less than three months since the revised Commonwealth Procurement Rules have come into effect.

Senator KITCHING: I understand that it is early.

Senator Cormann: We will see what we can do to assist, but it might be that we have to revisit this down the track.

Answer:

The Commonwealth Procurement Framework is devolved. Each entity is responsible for its own procurement processes and decisions in order to meet its own business needs. This includes determining what economic benefit information is relevant to a particular procurement and how it should be collected and implemented, based on the type of procurement, industry sector and market conditions. The information sought in these questions is not collated nor held centrally by the Department of Finance.

The economic benefit created through procurement will vary, depending on the nature of the procurement. It may include factors such as knowledge transfer, jobs created, and taxes paid. These various forms of economic benefit cannot be sensibly condensed into a single measure (for example dollars) to form a total benefit achieved figure.

Questions related to the economic benefits of individual procurements are more appropriately directed to the entity undertaking the procurement.