

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Additional Estimates

16 February 2012

**Question No:** AET 15

**Topic:** Procurement - policies

**Hansard Page:** 87

**Senator CAMERON:** I will go to another issue first. That is the issue of your procurement policies. Who can help me on procurement policies?

**Ms Granger:** I can try.

**Senator CAMERON:** Do you have procurement policies?

**Ms Granger:** Yes, we do.

**Senator CAMERON:** Do they include specifications for local content?

**Ms Granger:** I cannot tell you the terms for them precisely, so if you ask the questions we will get you the answers.

**Senator CAMERON:** That is a question.

**Ms Granger:** Yes, I am sorry. I do not have the detail of that.

**Senator CAMERON:** You do not know about local content?

**Ms Granger:** Not off the top of my head, no.

**Senator CAMERON:** Have you outsourced your procurement function?

**Ms Granger:** No.

**Senator CAMERON:** So you have a department within—

**Ms Granger:** Yes, we do. It is under the chief financial officer.

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**Senator CAMERON:** While I am asking about local content and procurement policies, I understand that Seibels have a chair that is ergonomically superior to this old style chair and is a competitive price. If this is correct, did UGL or the ATO have a look at the capacity to procure locally and maintain jobs within Australia at Seibels, who employ Australian workers? Could you give me copies of your procurement policies—I do not want contracts—that UGL have to meet, as the ATO is now contracting out procurement. There are other issues that I want to raise, but obviously you do not have the answers tonight, and I accept that.

#### **Answer:**

The ATO has a centralised procurement function which is managed by the Chief Finance Officer. The Corporate Procurement team is responsible for administering the ATO's procurement policy. This is achieved through a range of activities including:

- direct involvement in complex procurement processes
- establishment and use of standardised templates that comply with policy requirements, and
- the provision of advice and guidance for staff across the office who are involved in procuring goods and services.

The ATO's high level procurement policy is set out in the Corporate Management Practice Statement 2005/18: Procurement Framework, which is available on the ATO website, [www.ato.gov.au](http://www.ato.gov.au).

The practice statement operates within the broader legislative framework that includes the *Financial Management and Accountability Act 1997*, the Financial Management and Accountability regulations and the Commonwealth Procurement Guidelines, which are available on the Department of Finance and Deregulation website, [www.finance.gov.au](http://www.finance.gov.au).

The Commonwealth Procurement Guidelines highlight the need to ensure that all potential suppliers have the same opportunity to compete for government business. More specifically, agencies are required to ensure that procurement methods do not discriminate against potential suppliers due to their degree of foreign affiliation or ownership, location or size. To ensure that all potential tenderers are well informed, the ATO publishes details of our procurement activity on AusTender.

The ATO is also required to comply with the Australian Industry Participation National Framework. This framework applies to major Commonwealth procurement activity (defined in the framework as \$20 million or greater) and is aimed at increasing opportunities for capable and competitive Australian and New Zealand small and medium enterprises. Under the Australian Industry Participation National Framework, the ATO is required to seek advice from the Department of Innovation, Industry, Science and Research as to whether the proposed approach to market requires an approved Australian Industry Participation Plan as a condition for participation. This requirement is made clear in the ATO's procurement planning templates.

The ATO currently has a contract with United Group Limited Services (UGL) for the provision of Property Management Services including subcontractor management services and undertaking procurement processes for construction services and furnishings. These are in addition to tasks undertaken on behalf of the ATO such as portfolio planning services, lease management services, facilities management, building services and environmental management services.

It is a requirement of the contract and service level agreement that UGL procurement processes must be conducted in accordance with Commonwealth Procurement Guidelines and ATO procurement and contract management guidelines. The ATO requires evidence from UGL that the guidelines have been adhered to in each procurement process prior to the ATO approving and endorsing the procurement process. UGL is responsible for the engagement of suitable contractors to provide the procured services. UGL manages the contract on behalf of the ATO, but remains the primary contractor responsible for the delivery of the services.

Value for money is the core principle supported by encouraging competition (ensuring non-discrimination), promoting the use of resources in an efficient, effective and ethical manner and making transparent and accountable decisions.

The ATO undertakes regular reviews of UGL procurement activities, including tender documentation, to ensure compliance with the Commonwealth Procurement Guidelines and other related guidelines. UGL are proactive in providing evidence of compliance. In September 2011 UGL sought a third party review by PricewaterhouseCoopers of UGL establishment process for creating Panels of Providers and associated procedures. PricewaterhouseCoopers concluded that UGL procurement processes are consistent with, and aligned with, the requirements and intent of the Commonwealth Procurement Guidelines.