

Value for money

The principle of value for money

Value for money is the core principle underpinning Australian Government procurement. In a procurement process this principle requires a comparative analysis of *all* relevant costs and benefits...¹

- 3.1 The Standards currently state that “Commonwealth Government agencies are expected to obtain value for money in procuring services to publish and print documents.”² Determining what qualifies as ‘value for money’, however, can become a subjective judgement.³
- 3.2 The best price is not the only determinant of value for money. Factors such as service and turn-around time, the quality of the work, and an understanding of the agency’s requirements, are all taken into account.⁴

1 Department of Finance and Administration, *Commonwealth Procurement Guidelines*, January 2005, p. 10.

2 See http://www.aph.gov.au/house/committee/publ/printing_standards.htm and Appendix C.

3 Mr Barry Neame, *op.cit.*, p. 27; Mr Sandi Logan, *op.cit.*, p. 28.

4 Mr John Lockwood, Department of Industry, Tourism and Resources, *Transcript of evidence*, 18 June 2007, p. 26; Ms Jennifer Barbour, Department of Human Services, *Transcript of evidence*, 18 June 2007, p. 26; Ms Robyn McClelland, *op.cit.*, p. 28.

- 3.3 The PIAA submitted that, in their view, value for money is being achieved as a direct result of the competitive tendering and quoting processes used by agencies, the highly competitive nature of the printing industry in Canberra, and the installation by these printers of up-to-date technology.⁵ Contracted print panel arrangements were cited by the DVA as an example of value for money principles being applied to print procurement.⁶
- 3.4 The Committee is satisfied that value for money is indeed a guiding principle for agencies when obtaining printing and publishing services. Throughout the course of its inquiry, however, the Committee received evidence that opportunities existed to achieve further cost savings in the production of documents. Such opportunities include:
- number of copies printed;
 - document length;
 - internal processes; and
 - involving the printing industry.
- 3.5 The evidence, with accompanying assessment by the Committee, is considered throughout this chapter. The chapter concludes with some additional Committee remarks and recommendations.

Number of copies printed

- 3.6 Evidence presented to the Committee suggested that some government bodies seek to achieve value for money by identifying savings in the production and distribution of their reports. One method of achieving savings is careful management of the number of copies printed. Electronic distribution of documents has also been identified as a possible means of reducing the need for hard copies. Each of these issues is discussed, in turn, below.

5 Printing Industries Association of Australia, *op.cit.*, p. 4.

6 Department of Veterans' Affairs, *op.cit.*, p. 2.

Monitoring stock requirements

- 3.7 The size of annual report print runs has decreased over recent years, which has both produced cost savings and reduced wastage and landfill.⁷ One of the main reasons for the steady decrease in the number of hard copies printed is that agencies are continually monitoring stock requirements and reducing print runs as necessary.⁸
- 3.8 An exception to the trend of decreasing print runs is the APSC's *State of the Service* report. The APSC believes it is necessary for this report to be distributed widely throughout the public service in order for the document to be effective.⁹
- 3.9 Industry advice suggests that the size of a print run determines the production method, noting that small print runs are treated differently to large print runs, and that printers' capabilities and hardware vary.¹⁰ Print procurement officers should therefore keep these issues in mind when seeking printing services, as well as when determining whether cost savings can be achieved by reducing print runs.
- 3.10 Although the Committee is satisfied that some agencies currently monitor stock requirements for their publications, it encourages all agencies to take more proactive steps to regularly reassess the level of demand for hard copy documents. These assessments should ensure that the number of copies printed reflect the purpose of the document and take into account any accessibility issues.

Electronic availability of documents

- 3.11 A number of submitters confirmed that the declining number of hard copies printed was also due to the increasing availability of documents electronically.¹¹
- 3.12 Electronic availability has gone some way to reducing demand for hard copies, thereby reducing printing costs. Indeed, the Australian

7 Mr Kieran May, *op.cit.*, p. 20.

8 Ms Robyn McClelland, *op.cit.*, p. 19; Mr Richard Pye, *op.cit.*, p. 19; Mr Jansson Antmann, *op.cit.*, p. 19; Australian Public Service Commission, *op.cit.*

9 Australian Public Service Commission, *ibid.*; Ms Karin Fisher, *op.cit.*, p. 20.

10 Mr David Daniel, *op.cit.*, p. 9.

11 Department of the House of Representatives, *Submission 1*, p. 2; Commonwealth Scientific and Industrial Research Organisation, *op.cit.*, p. 3; Mr Richard Pye, *op.cit.*, p. 19; Mr Jansson Antmann, *op.cit.*

Sports Commission (ASC) produces only a limited number of printed copies of its annual reports for tabling in Parliament, with the majority of its stakeholders accessing annual reports from the ASC's website.¹²

- 3.13 The Committee addressed the issue of electronic distribution of documents in its May 2006 report, *Distribution of the Parliamentary Papers Series*.¹³ The inquiry found that the availability of publications online was a useful adjunct to their presentation in Parliament. The Committee's recommendations addressed, *inter alia*, the perpetual availability of documents online, and online availability as soon as tabling occurs.
- 3.14 The Government Online strategy stipulates that once documents are presented to Parliament they are required to be published online. These documents are published on agency websites and can also be accessed through the www.publications.gov.au website.
- 3.15 The availability of documents online has numerous benefits, including:
- decreasing the number of hard copies required to be printed;¹⁴
 - improving accessibility for people with disabilities;¹⁵
 - improving searchability;¹⁶ and
 - increasing a document's audience;¹⁷
- 3.16 Notwithstanding the benefits offered by electronic publishing of documents, there was little support for electronic copies completely replacing printed copies. Rather, electronic copies are seen as supplementing their hard copy counterparts, particularly as hard copies will still be required to assist those without computer or internet access.¹⁸

12 Australian Sports Commission, *Submission 1*, p. 1.

13 Joint Committee of Publications, *Distribution of the Parliamentary Papers Series*, Parliament of Australia, May 2007. Available online at: <http://www.aph.gov.au/house/committee/publ/pps/report.htm>.

14 Australian Sports Commission, *op.cit.*, p. 2.

15 Commonwealth Scientific and Industrial Research Organisation, *op.cit.*, p. 2.

16 Mr Jansson Antmann, *op.cit.*, p. 24.

17 Mr Sandi Logan, *op.cit.*, p. 4; Ms Jennifer Barbour, *op.cit.*, p. 5.

18 Department of Health and Ageing, *op.cit.*, p. 2; Department of the House of Representatives, *op.cit.*, p. 2.

- 3.17 It should also be noted that the improved accessibility resulting from having documents available on websites has, in some cases, stimulated awareness and demand for hard copies of those documents.¹⁹
- 3.18 The Committee heard that the online provision of documents can represent a false economy, especially in environmental terms. If a document is downloaded and printed in its entirety (and probably single-sided) on a domestic printer, it would be more costly and less environmentally friendly than having sufficient hard copies produced during the initial print run.²⁰
- 3.19 Nevertheless, the Committee is supportive of the benefits that can be gained through the electronic provision of documents, particularly those benefits relating to reducing print runs.

Report length

- 3.20 The length of annual reports varies greatly between the various departments and agencies, influenced to some extent by the size of the organisation and the sort of material covered in the report.²¹ The Committee would welcome moves by government bodies to reassess the content of their annual reports, while ensuring that all statutory reporting requirements are fulfilled.
- 3.21 Some agencies already re-evaluate the content of their annual reports with a view to eliminating unnecessary content and thereby reducing production costs.²² This would be a sound practice for reducing costs and improving the quality of publications, and the Committee encourages all government departments and agencies to adopt such procedures.
- 3.22 The Commonwealth Scientific and Industrial Research Organisation (CSIRO) manages its annual report production costs by including website addresses and links to avoid reproducing copious amounts of

19 Ms Rosa Ferranda, Department of the Senate, *Transcript of Evidence*, 18 June 2007, p. 21; Ms Karin Fisher, *op.cit.*, p. 21.

20 Mr Kieran May, Printing Industries Association of Australia, *Transcript of Evidence*, 18 June 2007, p. 20.

21 Australian Public Service Commission, *op.cit.*

22 Commonwealth Scientific and Industrial Research Organisation, *op.cit.*, p. 3.

text.²³ The Committee endorses this approach, provided that accessibility issues are also given due consideration.

Internal processes

- 3.23 Document production processes within government bodies can result in significant cost increases. Unrealistic deadlines and approval processes within government bodies can result in late changes to proofs and design work, or late submission of copy, which can increase artwork and labour charges.²⁴
- 3.24 Although the Committee accepts that, in some cases, late changes are necessary, departments and agencies should review their drafting, approval and submission processes and timings to ensure that no unnecessary charges are incurred.

Involving the printing industry

- 3.25 The industry sees the inexperience of most print buyers as a significant factor that can increase printing costs:
- ... one of the issues that can add significantly to the cost of printing is the inexperience of the print buyer in departments, being unfamiliar with either design or printing processes or, in some cases, both ... The training of these people in the departments and agencies probably ranges from non-existent to lacking.²⁵
- 3.26 The Committee heard evidence from the printing industry that timely advice can help in reducing costs, for example, in relation to the additional cost of bleeding compared with alternatives, and paper stock. If consulted at the design stage or earlier, printers can provide expert advice on the most cost-effective way to produce a document.²⁶

23 *ibid.*

24 Mr Kieran May, *op.cit.*, p. 11.

25 *ibid.*, p. 10.

26 Printing Industries Association of Australia, *op.cit.*

- 3.27 The industry observes, however, that this is not how it usually works in practice. Printers are usually presented with a *fait accompli*, not being given the opportunity to speak to the designers, departments or print buyers until the job has been designed. Printers can do very little at that stage to assist clients when, very often, a minor design style results in a significant addition to the printing costs.²⁷
- 3.28 CanPrint Communications concurs with this view, noting that designers often do not have printing industry experience and may therefore not have an appreciation of the intricacies of the printing process. This might result in inadvertently selecting inappropriate design styles or paper stocks that that escalate costs.²⁸ The industry's view is that early and open communication with printers is necessary in order to produce the best outcome.²⁹
- 3.29 Considerable cost savings could be achieved by print buyers having detailed conversations with printers at the earliest possible opportunity when commissioning print jobs. Furthermore, print buyers should endeavour to liaise with printers prior to design work taking place.

Future directions

- 3.30 The inadequacy of current training programmes specifically designed for print buyers, along with the high turnover of staff in print- and communications-related areas of the public service, results in many print buyers having little contact with the printing industry.³⁰ Improving the training of print procurement officers would therefore be instrumental in avoiding unnecessary cost over-runs for reproofing, run-ons, and other associated processes.
- 3.31 The roundtable discussion, held as part of this inquiry, was attended by several witnesses (as detailed in Appendix B). Witnesses included representatives of government organisations, printers, and the printing industry. The roundtable discussion was an exceptionally successful forum for bringing together various parties from all aspects of the document production process.

27 Mr Kieran May, *op.cit.*, p. 8.

28 Mr David Daniel, *op.cit.*, pp 8-9.

29 Mr Kieran May, *op.cit.*, p. 28.

30 Mr John Lockwood, *op.cit.*, p. 34; Mr Sandi Logan, *op.cit.*, p. 29.

- 3.32 The roundtable discussion was in fact such a successful format for discussion that the Committee sees merit in similar such meetings being held regularly. The Committee welcomes the willingness of the PIAA to participate in fora that improve print buyers' knowledge of the printing process.³¹
- 3.33 The attendance of representatives from government organisations and the printing industry would provide a valuable opportunity for open discussion of all aspects of the print procurement and production processes. Sessions could be held annually for best effect, to allow for the high level of staff turn-over in print procurement areas of government bodies. Sessions could also be timed to ensure print buyers have all the relevant information prior to commencing their major annual reporting processes each year.

Committee comments and recommendations

- 3.34 The Committee will continue to require that government agencies, authorities and companies achieve value for money in producing documents for presentation to Parliament. Having considered the evidence outlined in this chapter, the Committee is convinced that there remains scope for identifying further cost savings.
- 3.35 In light of the evidence outlined above, the Committee suggests that government bodies seek to identify savings by carefully monitoring stock requirements for hard copy documents, reassessing the length of documents, modifying internal processes, improving electronic access to documents, improving the timing and quality of consultations with industry, and taking proactive steps to improve the training of print procurement officers. To this end, the Committee has made a number of recommendations:

31 Printing Industries Association of Australia, *op.cit.*, p. 4.

Recommendation 3

3.36 The Committee confirms its expectation of government bodies achieving value for money in procuring printing and publishing services. To this end, the Committee recommends that government agencies, authorities and companies review, prior to the commencement of planning for their 2007-08 annual reports, and each year subsequently, the following aspects of their production processes:

- the number of copies printed, taking into account the purpose of the report and any changes in demand for hard copies;
- the length of the report, having regard to the purpose of the report, statutory requirements, and size of the organisation; and
- internal approval processes and submission deadlines, with a view to eliminating any extra charges from printers for late changes to copy or design work.

Recommendation 4

3.37 The Committee recommends that government agencies, authorities and companies ensure timely and ongoing electronic access, through their websites, to annual reports and other documents presented to Parliament.

Recommendation 5

3.38 The Committee recommends that government agencies, authorities and companies consult printers at the earliest possibility in the development of a document, and prior to any print procurement contract being entered into. Prior to any design work being finalised, advice should be sought from printers regarding the potential cost impact of proposed layout and design elements.

Recommendation 6

- 3.39 **The Committee recommends that regular information sessions be held for the benefit of staff within government bodies who are responsible for procuring print services. The Committee may undertake to arrange these from time to time and invite relevant staff from government agencies, authorities and companies and representatives of the printing industry.**