

Tuesday, 24 February 2015

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

P 91/92 available online @

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Senator McKENZIE: Just on paper procurement, has there been an increase since this committee's reference on procurement, particularly looking at paper issues since the report? Has there been an increase in the number of departments choosing to be supplied by Australian paper suppliers? I understand that the stats you just gave would actually suggest that the majority of our government departments see value for money under our current procurement guidelines in being able to deliver an Australian supplier of their paper. One of the things we found through that inquiry was that there was an inconsistency in application and implementation of our own government procurement guidelines, particularly around the value for money assessment. There was a lack of expertise in many of the personnel conducting the procurement assessment and the value for money assessment. Since that report has there been any increase in consistency of application of the value for money principles under the procurement guidelines?

Mr Sheridan: My understanding is that delegates apply value for money all the time, and indeed all our procurement processes are based on that exact rule. We do not have a way of measuring individual value for money for decisions. That is the delegate's responsibility in order to do that.

Ms Halton: I am not actually familiar with the particular component of that report that you are talking about. As someone who has done a lot of purchasing in various environments I am very happy to have a look at the particular part of that report, and I am happy to talk to my colleagues, the secretaries, about the need for improved consistency. Certainly one of the things that we have been talking about—and we have already had this discussion here about how we get better value for the taxpayer—is that a proper understanding of the value for money consideration is something which is actually part of getting best value for taxpayers. Without knowing the specific detail, I am very happy to take the outcome of that review and I will talk to my colleagues about it as part of the whole push to get better value for the taxpayer.

Senator McKENZIE: Bearing in mind that I think that value for money conversation goes to life of product and all of those other things.

Ms Halton: That is exactly my point. Senator McKENZIE: All okay under our WTO—

Ms Halton: That is my point.

Tuesday, 20 October 2015

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P 161/162

Senator McKENZIE: With respect, when we went through the Senate inquiry and the ANAO reports, there was no consistency across government about how the procurement guidelines were interpreted, and what parts of the procurement guidelines were being used effectively—and what were just saying: 'Okay, it's the cheapest. We'll just go with that.' So I want to seek assurances, I guess, a couple of years down the track or a year down the track, that something has changed and that we now can have some assurance that these procurement guidelines are being consistently applied across government.

Mr Sheridan: The procurement guidelines are clear on the value for money principle.

Senator McKENZIE: They are very clear when you read them. They are not very clear: if I go to seven different departments, how do I get seven incredibly different outcomes on such a basic supply as paper?

Ms Halton: Can I make a comment about that. I actually think you have hit a particularly important point. We have actually been having this conversation about the whole notion of what constitutes value. We have the same issue in relation to airline travel. I made that comment earlier when Senator Gallagher was asking me about red tape: actually driving down, to the people who actually make procurement decisions, a decent understanding. We actually had a question inside Finance from somebody from another agency in relation to something. This was someone very senior, and it was on the front page of the procurement guidelines, and they rang us and said, 'What do we do about this?' So we understand that this is actually a major communication exercise, and we have not figured out quite how to fix it. But you are right: it is an issue we need to look at.

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Senator McKENZIE: Ms Halton, this will be an issue that I will be following up in future estimates given that we did make some very strong recommendations in this report, and I am hoping we get some consistency of application and costs.

Ms Halton: Senator, I will tell you what I will undertake to do for you: at the next portfolio secretaries meeting, I will actually raise, under 'other business', the inconsistent application of the Procurement Rules, and I will use this as a particular example.

Senator McKENZIE: Thank you very much. Ms Halton: It does not fix it but, as I said, we are having this conversation internally about how we actually get the message out. But I will start there