



VICTORIAN GOVERNMENT
PURCHASING BOARD

Achieving excellence in
government procurement

V G P B

ANNUAL REPORT 2019/2020

Victorian Government Purchasing Board Annual Report 2019–20

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ABOUT THIS REPORT

The Victorian Government Purchasing Board (VGPB) sets the policies that govern procurement of non-construction goods and services across all Victorian Government departments and some public bodies.

Effective procurement saves time and money, reduces risk and supports a well-functioning government and a thriving Victorian community. Our vision is to provide leadership in government procurement of goods and services to deliver value-for-money outcomes for Victoria.

The **VGPB Annual Report 2019–20** summarises the work we've done to meet our legislative obligations and achieve our vision over the past financial year from 1 July 2019 to 30 June 2020.

We report on the procurement activity, compliance and performance of the departments and organisations that operate under the VGPB policy framework.

This report is required under section 54M of the *Financial Management Act 1994* and is available from buyingfor.vic.gov.au/annual-reports in PDF and accessible text format.

MESSAGE FROM THE CHAIR

In 2019–20, the Victorian Government Purchasing Board (VGPB) continued to oversee the deliverables from the 2017–18 procurement reform, while also publishing buyer guidance to address and publicise cybersecurity and information security risks.

While some procurement teams were still dealing with the aftermath of the Victorian bushfires, we found ourselves in the midst of a global pandemic. Both events required immediate government response and created challenges for procurement.

Our goods and services supply policies include critical incident procurement protocols to enable government to quickly respond to any emergency, crisis or disaster by adopting streamlined and flexible procurement processes, while also maintaining high standards, specific recordkeeping processes and adhering to contract disclosure requirements. This annual report includes a summary of critical incident procurement contract approvals in 2019–20.

We are seeing considerable momentum in the use of procurement technology, which helps make procurement more efficient and provides the data to drive better value-for-money outcomes, connectivity and economies of scale. The rollout of the procurement data centre and the spend data analytics project will give us important insights into what government is purchasing.

Cybersecurity was a big focus during the year, and we have updated our goods and services policies to ensure that cyber risk management becomes part of everyday best practice procurement.

We recognise the work of our many stakeholders, and particularly chief procurement officers, in progressing this and many other pieces of work throughout 2019–20.

I would like to thank outgoing VGPB member, Craig Rooney. Craig contributed immensely over his eight-year tenure and we wish him well with his future endeavours.

Once again, the Procurement Policy and Reform team in the Department of Treasury and Finance worked hard to support the VGPB and deliver our procurement goals.

As our steering committee role for the procurement reform program draws to a close, I'm proud of our accomplishments over the last three years. We have set new priorities for 2020–23 which reflect our commitment to being at the forefront of improving procurement across government.



Antoinette Brandi

Chair, Victorian Government Purchasing Board

ABOUT THE VGPB

The VGPB is a Victorian Government-owned body corporate established under the *Financial Management Act 1994*. We set the policies that govern procurement of non-construction goods and services across all Victorian Government departments and some public bodies.

Our role is to:

- develop, implement and review supply policies and practices;
- monitor compliance with supply policies;
- help organisations build procurement capability; and
- work with stakeholders to make procurement more efficient.

Procurement as a core business function

The VGPB sees procurement as a core business function. Effective procurement ensures government uses public money responsibly, procuring the required goods and services to deliver value-for-money outcomes.

The VGPB's procurement model is based on assessing complexity and risk. Each organisation adopts a procurement governance framework scaled to its procurement profile and must have enough capability to carry out its procurements.

Our five supply policies cover the whole procurement lifecycle (see Figure 1). The policies are underpinned by probity, accountability and scalability, with a strong focus on value for money, more interactive engagement with the market and improving productivity.

Each policy is supported by good practice guides, tools and templates to ensure consistency across government.

FIGURE 1: THE PROCUREMENT LIFECYCLE



The VGPB at a glance

VISION

Provide leadership in government procurement of goods and services to deliver value-for-money outcomes for Victoria

PRINCIPLES

All procurement activity must meet four principles:

- Value for money
- Accountability
- Probity
- Scalability

STRATEGY

Five workstreams with multiple initiatives:

- Victoria's Social Procurement Framework and reporting
- Governance, extending the reach
- Policy and practice
- Procurement technology
- Capability, process streamline and change management

MISSION

Ensure government:

- develops procurement capability
- delivers value-for-money and fit-for-purpose outcomes
- minimises risk
- enables access to procurement opportunities for all businesses

POLICIES

Five policies to cover end-to-end procurement activity:

- Governance
- Complexity and capability assessment
- Market analysis and review
- Market approach
- Contract management and contract disclosure

NETWORK

The VGPB currently covers all Victorian Government departments, Cenitex, Victoria Police and some administrative bodies.

We work closely with our stakeholders to ensure our policies are modern, relevant and easy to apply.

Scope of VGPB policies

VGPB policies apply to all Victorian Government departments and any entities specified by the Governor in Council, such as Cenitex.

VGPB policies also apply to the offices or bodies specified in section 16(1) of the *Public Administration Act 2004*. These offices report to the VGPB via their portfolio department, except for the Office of the Chief Commissioner of Police (Victoria Police), which reports directly to the VGPB.

The Victorian Public Sector Commission is also subject to VGPB policies but does not report directly to us.

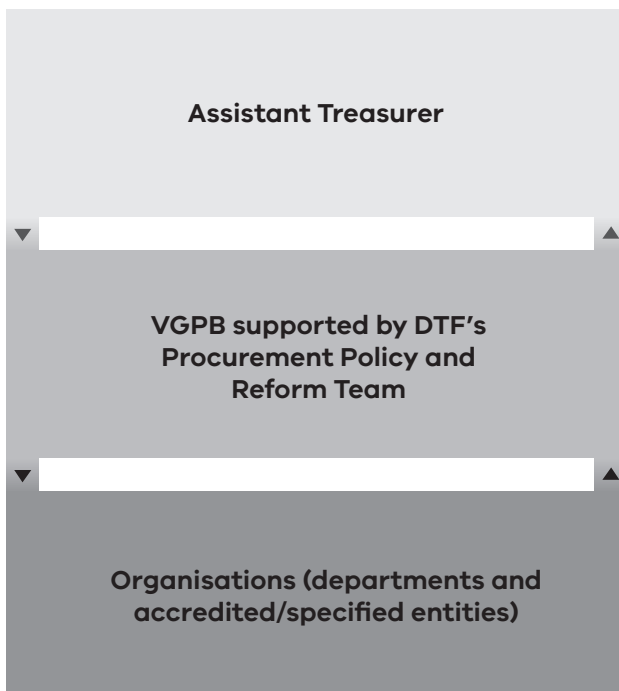
For a list of organisations bound by VGPB policy, refer to buyingfor.vic.gov.au/goods-and-services-mandated-agencies

Reporting structure

The VGPB reports to the Assistant Treasurer. We are supported by the Procurement Policy and Reform Team in the Department of Treasury and Finance (DTF).

Departments and accredited or specified entities report to us directly on their procurement activities, as shown in Figure 2.

FIGURE 2: VGPB REPORTING RELATIONSHIP



Board members

The VGPB has a chairperson and a minimum of six other members. Board members are selected based on procurement experience and expertise. They can be internal or external to government.

In 2019–20, the VGPB had eight members.

ANTOINETTE BRANDI (Chair)

Appointed as a VGPB member in 2015, Antionette Brandi has chaired the VGPB since July 2018. Antionette has extensive procurement experience in the public and private sectors at the senior executive level and is the first female in Australia to gain Fellow status in the Chartered Institute of Procurement and Supply.

Throughout her career, Antoinette has taken on many different operational management roles and led goods and services procurement projects and initiatives in the mining and construction industries. This includes developing procurement supply chain strategies and risk management assurance processes.

CLAIRE THOMAS

Claire is an economics professional with a background in public policy and administration. Now an independent public policy consultant, Claire has provided economic and public policy advice to a range of government and not for profit organisations. A non-executive director of a not-for-profit disability service provider, Claire is also a member of the Independent Review Panel providing probity oversight over the allocation of gambling licences in Victoria, and an independent member of the Department of Justice and Community Safety Audit and Risk Management Committee.

CRAIG ROONEY

Craig Rooney has more than 25 years of procurement experience in the public, private and consulting environments with demonstrated success derived through strong business management, financial management, strategic thinking, customer focus and people leadership skills.

Craig was the Victorian Operations Manager for Metricon Homes having previously held several senior procurement management positions at Porter Davis Homes, CSR Sugar, Madison Cross Corporate Advisory and Coles Group.

DENISE DYER

Denise Dyer works for the Victorian public sector as a senior manager in property and procurement at William Angliss Institute. Denise is a multi-skilled professional with extensive experience in procurement, property and stakeholder relationship management. Denise has led major capability and change projects including information technology initiatives such as Zycus procurement software across Australia Post.

Denise's background is in finance and consulting, and achieving social procurement outcomes in sourcing activities. Previously she chaired the Corporate Real Estate Committee of the Victorian Property Council, and was company secretary of corProcure – a joint venture between major corporations to promote global buying.

PETER LANE

Peter Lane is an experienced information technology professional, who has worked across the automotive, consumer goods, and technology consulting sectors, both in Australia and internationally.

He was previously employed within the Victorian public sector as Chief Information Officer in the Department of Jobs, Precincts and Regions.

RUSSELL YARDLEY

Russell Yardley is a successful entrepreneur and business owner. Russell has strong governance skills and is an experienced board member. His career has focused on innovation, ideas strategy, business and planning in the ICT industry in particular.

SEONA JAMES

Seona James is a Yorta Yorta woman with a career focused primarily on Aboriginal engagement and relationship building, both externally with Aboriginal organisations and internally with leadership teams and employees. She has worked with the Victorian Civil and Administrative Tribunal, the Department of Health and Human Services East Division, Linfox Logistics Australia, CPA Australia, the Department of Justice and Community Safety, and Australia Post.

Seona is currently self-employed at her business, Indigenous Cultural Connections, established in March 2018. Seona was a member of the Victorian Aboriginal Economic Board from April 2017 to May 2019.

TIMOTHY LYONS

Timothy Lyons has extensive experience in government procurement policy and has been a member of numerous public and private boards. Timothy has held many directorships and has expertise in industrial relations, financial services, public policy, governance and risk management, not-for-profit management and communications advocacy.

Meetings

The VGPB meets once every two months. The Board held six meetings over the reporting period and three one-day planning sessions to set new priorities for 2020–23. Meeting attendance is listed in Table 1.

TABLE 1: BOARD ATTENDANCE IN 2019–20

Board member	Member since	Bimonthly meetings attended	Planning days attended
Antoinette Brandi (Chair)	10 October 2015	6 of 6	3 of 3
Claire Thomas	1 July 2018	6 of 6	3 of 3
Craig Rooney	1 October 2012	5 of 6	3 of 3
Denise Dyer	1 July 2019	6 of 6	3 of 3
Peter Lane	1 July 2019	5 of 6	3 of 3
Russell Yardley	1 July 2014	5 of 6	3 of 3
Seona James	1 July 2019	6 of 6	3 of 3
Timothy Lyons	10 October 2015	5 of 6	3 of 3

ASSESSING THE VGPB'S PERFORMANCE

Each year, VGPB members assess their individual performance and the performance of the VGPB as a whole over the past 12 months, and identify opportunities for improvement.

In 2019–20, VGPB members took a new approach to assessing their performance, conducting a critical analysis during the strategic planning sessions to identify areas where the VGPB is doing well and what they should focus their attention on.

Overall, members acknowledged that it had been a challenging time, with COVID-19, bushfires and cyberattacks leading to unemployment and supplier fragility. COVID-19 has highlighted the need to manage supply chain risk and address capability gaps.

Members assessed the VGPB as operating effectively in its capacity as the steering committee for the procurement reform during this time. Members also acknowledged that VGPB membership covered a wide range of procurement skills and a shared commitment to achieving value-for-money outcomes and streamlining processes for buyers.

In 2020–21, the VGPB will carry out a detailed review of its policy framework with a view to providing more focus on identifying and delivering strategic outcomes including risk reduction.

VGPB ACTIVITIES IN 2019–20

In 2019–20, we continued to work with the Department of Treasury and Finance's Procurement Policy and Reform team on the five workstreams established in 2017–18 under the procurement reform program.

With most recommendations from the procurement review now complete and the remaining implementation activities to be carried out by the Strategic Sourcing Group in the Department of Treasury and Finance, the procurement review program has mostly wrapped up. The VGPB will continue to be updated on the progress of these remaining activities.

The key outcomes completed under the five workstreams in 2019–20 are described here:

Workstream 1: Victoria's Social Procurement Framework and reporting

In 2019–20, we continued to support implementation of the Social Procurement Framework. The Procurement Policy and Reform team reviewed and gave feedback on more than 200 agency strategies. The strategies set out how agencies plan to embed social procurement into their procurement process. This has been a critical step to support implementation across government.

The Procurement Policy and Reform team continued to build and maintain partnerships with social benefit suppliers, Social Traders, Kinaway and Supply Nation. They also continued to promote the framework through newsletters, seminars and workshops, including presenting at the Social Traders Conference 2019, the 14th Procurement Australasia Annual Conference and the Social Enterprise World Forum 2019.

In 2020–21, the Procurement Policy and Reform team will continue to work with the Department of Jobs, Precincts and Regions to strengthen buyer and supplier engagement.

SOCIAL PROCUREMENT REPORTING

The Procurement Policy and Reform and Local Jobs First teams started work on a joint reporting system to streamline social procurement reporting requirements for agencies. The system will be rolled out in 2020 and further supports the move to simplify procurement through better use of technology.

The first social procurement annual report was published in November 2019. The report highlights the progress made by agencies to date with case studies of the people benefiting from social procurement. This report has set a baseline to measure social procurement achievements in the future.

The report is available from buyingfor.vic.gov.au/social-procurement-annual-reports

**Published first social
procurement annual report**

3

**procurement conferences as
keynote speaker**

200+

**agency social procurement
strategies reviewed**

5

social procurement newsletters

Workstream 2: Governance, extending the reach

We continued to work towards bringing 150 extra organisations under the VGPB umbrella, creating a scalable framework that aligns compliance requirements with an organisation’s procurement risk and complexity profile.

Implementation has been deferred to 1 July 2021, due to the impacts of COVID-19 on agencies and to allow procurement teams to focus on their pandemic response first and foremost. Over the coming year, we will finalise and implement supporting materials to help new organisations transition to our goods and services policy framework and continue to monitor overall delivery of this workstream.

Case study: The hunt for hand sanitiser is a win for social procurement

Hand sanitiser has become a much sought-after essential during COVID-19. When supplies ran low and became difficult to source, the procurement team at the Department of Transport found a solution that supported an Aboriginal business.

The department chose to buy hand sanitiser supplies from Panku, a Supply Nation Certified Supplier in south-east Melbourne, to keep all its sites across Victoria well equipped over the following few months.

Panku, which means ‘united, together’ in Nyiyaparli language, offers a range of goods and services, from safety equipment and personal hygiene products to first-aid training.

“The contract provides security and continuity for our business, especially in these uncertain times,” said Panku’s Chief Executive Officer Jadah Pleiter. “It is rewarding for us as a business to support the community in making a difference, especially as an Aboriginal business.”

This win-win is a prime example of how social procurement can deliver for stakeholders and communities.

Workstream 3: Policy and practice

ALIGNING AND HARMONISING GOODS AND SERVICES AND CONSTRUCTION PROCUREMENT

We worked with stakeholders to investigate the risks, costs and benefits of aligning goods and services and construction procurement policies.

We found that buyers are adept at applying the two different policy frameworks, and there is little appetite for legislative or policy change at this time.

The VGPB has developed a draft integrated procurement framework to encourage agencies to harmonise their internal procurement arrangements for goods and services and construction, wherever the two frameworks overlap.

ALTERNATE PROCUREMENT PATHS

Towards the end of 2019–20, we published three new guides on innovative pathways to market. These complement our current range of guides that help buyers with the principle aspects of the procurement process.

New guides

Pre-commercial procurement	Pre-commercial procurement helps buyers purchase goods or services when the market does not have an existing or fully developed solution.
Early market engagement	Early market engagement is the strategic exchange of information with the market prior to procurement. This guide helps buyers understand how to drive early participation, innovation and collaboration with the market for upcoming procurement activities.
Procurement auctions	Procurement auctions and reverse auctions are when several sellers compete with one another to win the business of a buyer. Auctions can achieve greater value for money by bringing down prices.

UNIFORMS AND PERSONAL PROTECTIVE EQUIPMENT

We continued to support the Government's commitment to buying locally made uniforms and personal protective equipment (PPE).

On the buyer side, the Uniforms and PPE Monitor ran regular working groups for the major buying agencies, worked closely with Local Jobs First and the Local Jobs First Commissioner, and engaged the Australian Advanced Manufacturing Council on industry support initiatives.

On the industry side, the Monitor worked with the Textile, Clothing and Footwear Union (part of the Construction, Forestry, Maritime, Mining, and Energy Union), Ethical Clothing Australia, the Industry Capability Network Victoria, and numerous suppliers.

The Monitor set up a strategic partnership with the Australian Fashion Council – the national peak body for the textiles, clothing and footwear sector – to develop the sector's capability to supply local manufacturers, and to build buyer capability.

Last year, an ethical supplier register was set up to connect buyers with accredited suppliers and support job creation. The register has been very successful with 24 suppliers registered at the end of the financial year and applications still coming in.

3

guides on innovative pathways to market



Strategic partnership with Australian Fashion Council – the national peak body for the textiles, clothing and footwear sector

24

suppliers signed up to the ethical supplier register



Draft integrated procurement framework for goods and services and construction

Workstream 4: Procurement technology

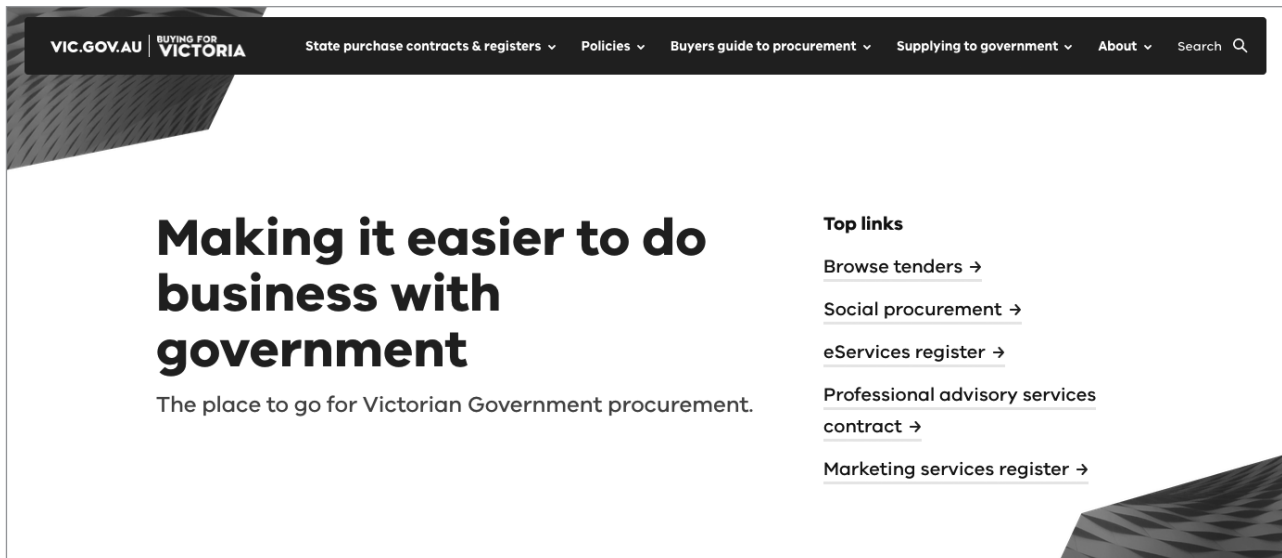
Procurement technology provides an opportunity to support better procurement decisions and simplify the procurement process for both buyers and suppliers. We are seeing considerable momentum in this space.

BUYING FOR VICTORIA WEBSITE

In early 2020, the Department of Premier and Cabinet delivered the second stage of the Buying for Victoria website (Figure 3), converting all PDF guidance to HTML to make content more accessible. The website brings together information for government suppliers and buyers on procuring goods and services, and construction works and services.

The content is being continually improved through a joint effort between the VGPB, the Department of Premier and Cabinet and the construction team in the Department of Treasury and Finance.

FIGURE 3: HOMEPAGE OF THE NEW BUYING FOR VICTORIA WEBSITE



E-PROCUREMENT STRATEGY

The Department of Treasury and Finance ran a successful pilot for the proposed procurement data centre. After the pilot, the department started working with departments and major agencies to implement the rollout across government. This will provide visibility of consolidated procurement data, giving important insights into what government is purchasing.

A key part of the project is spend data analytics to collect and consolidate accounts payable data from across departments and Victoria Police, and classify the data against a common procurement taxonomy (the United Nations Standard Products and Services Code).

This project will also match spend categories to state purchase contracts to check that the benefits of these contracts are being maximised. Much of the work has been completed and we will implement this project at the end of August 2020.

Over the next year, the department will roll out two key data projects:

Master supplier database pilot

A master supplier database will provide a single point for suppliers to register and update their details and provide common required data. It will also give buyers visibility of the whole supplier base and enhance verification activities. The database will be piloted in 2020–21. The outcomes of the pilot will be evaluated prior to broader implementation.

Build data analytics capability

We will analyse categorised procurement data and establish plans and processes as to how this data will be used, analysed and published, so that we can start identifying the activities that will lead to savings and benefits.



Migrated all guidance on Buying for Victoria to HTML for better accessibility



Procurement data centre pilot project successfully completed



Victorian Procurement Data Centre operations began



Government spend data collected, consolidated and analysed



Master Supplier Database Pilot began

Case study: Software solutions help take the legwork out of procurement

Many organisations are introducing software solutions to help run their procurement processes more efficiently. Victoria Police piloted two software solutions in 2019–20:

A cloud-based source-to-contract pilot is giving Victoria Police significantly more oversight of all procurements and at various stages of the procurement process thanks to online decisions being captured at multiple points and dashboard reporting. It has also been shown to reduce end-to-end processing timeframes.

Victoria Police's Procurement Department is also piloting DocuSign, a software that enables binding electronic signatures and signoffs, reducing the need to run hardcopy files around the organisation for approvals.

Workstream 5: Capability, process streamline and change management

We released a goods and services buyer capability framework in June 2020, setting out standardised skill sets for buying goods and services based on the complexity of the procurement. Organisations and individuals can use the framework to assess the skills and behaviours that procurement practitioners need to carry out procurement. In 2020–21, we will release:

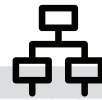
- a modified web version of the framework;
- a revised capability guide and tools that align with the new framework; and
- a skills matrix.

The online module to support professional procurement development was tested during the year and was very well received. The model was a collaboration with the Department of Premier and Cabinet, the Public Sector Innovation Fund and RMIT. The project rollout date is currently being considered.

We started working with the Australasian Procurement and Construction Council to develop training and education pathways for procurement.

To help buyers implement the procurement reform, we set up a procurement practitioners' network to discuss procurement-related matters.

We also have a Government Buyers Community of Practice on the government intranet. This is a great resource and has grown to include more than 600 members.



Released a new goods and services buyer capability framework



community of practice forums with 200+ attendees



Developed and tested an introductory online procurement training module



Set up a procurement practitioners' network



Online Buyers Community of Practice grew to 600+ members

Other VGPB activities in 2019–20

POLICY CHANGES

Cybersecurity is a growing issue for both public and private sectors. In June 2020, we added new procurement requirements for cyber and information security to the relevant VGPB supply policies to ensure organisations apply best practice cyber risk management in their procurement of goods and services.

These new policy requirements apply to all goods and services procured by mandated agencies. For more on how goods and services policies have changed to manage information security, visit buyingfor.vic.gov.au/procurement-policy-changes-goods-and-services

VGPB ACCREDITATION

On 1 January 2019, the Department of Transport and the Department of Jobs, Precincts and Regions were formed from a machinery of government change in the former Department of Economic Development, Jobs, Transport and Resources.

All transport-related procurement now sits under the Department of Transport, including VicRoads and Public Transport Victoria from 1 July 2019.

Both new departments needed to apply for VGPB accreditation, given the substantial changes to their procurement profiles. We are currently reviewing the Department of Transport's application and are working with the Department of Jobs, Precincts and Regions. Both are expected to gain accreditation during the next financial year.

SUPPLIER CODE OF CONDUCT

Following last year's review of the Supplier Code of Conduct to address the issue of modern slavery, we started another review in 2019–20 to strengthen ethical procurement practices and develop options for enhancing the application and operation of the Code. The outcomes of this review will be considered in late 2020.

SUPPLIER SATISFACTION SURVEY

Every year, the VGPB surveys suppliers to gauge their satisfaction with each organisation's market approach. Up until 2019–20, the survey was sent out by the market research company contracted to conduct the survey.

To improve response rates, we moved to an event-based survey which is distributed directly by departments after completion of the procurement process. This resulted in our highest response rate to date (15 per cent). Given the success of this new approach, we will continue to send the event-based survey for the next two years.

3

policies updated to strengthen cybersecurity

1

information security guide and 3 tools developed in collaboration with the Department of Premier and Cabinet

Strategic priorities for 2020–23

Now that the VGPB has finished overseeing the 2017–18 procurement reform, it will begin working on four new strategic priorities developed at a series of planning workshops during the first half of 2020. The VGPB will also continue to oversee the ongoing work to develop and implement a procurement data centre and expand the VGPB supply policy framework to an additional 150 agencies.

Strategic priority	We will:
Drive savings and manage risks via data reporting and analysis	<ul style="list-style-type: none"> • support Strategic Sourcing to implement the data reporting and analytics project. This project will give us detailed analytics on government spend, which will help us look for new ways to deliver value for money.
Deliver a more outcome-oriented procurement policy framework	<ul style="list-style-type: none"> • review departments' procurement models to understand pain points to inform future goods and services policy reform; • review and update policies to emphasise benefit realisation and risk management; • review VGPB guides to ensure they are relevant and scalable, particularly as more organisations come under the VGPB umbrella; and • continue to refine and streamline the Buying for Victoria website to make it easy for suppliers and buyers to find information.
Deliver value creation across the procurement lifecycle	<ul style="list-style-type: none"> • research opportunities to pilot alternative procurement models to show how different procurement approaches can drive value-for-money outcomes; and • work with lead agencies to strengthen tracking of saving and benefits reporting to ensure contracts continue to deliver benefits throughout their contract life.
Uplift procurement capability	<ul style="list-style-type: none"> • elevate procurement capability through stronger engagement, concentrating on contract management, alternative paths to market, supplier performance management and category management including supply chain risk assessments; and • continue to engage broadly across government and hold workshops and forums to increase procurement capability.

COMPLIANCE

Monitoring compliance with VGPB policies

Under the *Financial Management Act 1994*, mandated organisations must comply with VGPB supply policies when procuring goods and services.

The VGPB monitors compliance of mandated and accredited organisations through six mechanisms as shown in Figure 4 and explained in Table 2. These organisations include the eight Victorian Government departments, Cenitex and Victoria Police.

FIGURE 4: COMPLIANCE MECHANISMS



TABLE 2: MONITORING COMPLIANCE WITH VGPB POLICIES

Compliance mechanism	Details
Annual supply report (ASR)	Organisations submit an ASR to the VGPB at the end of each financial year summarising their procurement activity, performance measure results and compliance with the VGPB supply policy framework.
Audit program	Organisations audit compliance with VGPB policies and submit an audit report to the VGPB every three years.
Performance measures	Organisations monitor performance against five performance measures and report results in their ASR.
Engagement	The VGPB’s engagement model has replaced the former oversight process. Chief procurement officers are encouraged to meet with the VGPB every year to discuss their procurement strategy, individual strategic procurements or any other procurement matters.
Complaints management	Organisations maintain a complaints management system for supplier complaints related to the process and probity applied during a procurement activity. Organisations list complaints in their ASR.
Review of procurement activity plans	Organisations submit procurement activity plans every year for review by the VGPB.

Compliance reported in annual supply reports

Organisations complete an annual supply report (ASR) at the end of each financial year (as described in Table 2).

In the ASR, organisations self-assess whether they complied with all required components of the VGPB supply policy framework. Unlike the VGPB audit process, it does not assess how well organisations comply with the components, but gives the VGPB a high-level overview of how organisations view their own compliance.

COMPLIANCE AND MACHINERY OF GOVERNMENT CHANGES

If machinery of government changes result in significant changes to an organisation's procurement function, they may need to be re-accredited by the VGPB. Both the Department of Transport and the Department of Jobs, Precincts and Regions are currently going through the accreditation process, after being established on 1 January 2019 from machinery of government changes.

Both departments have been setting up their procurement functions and developing all the necessary components to be accredited by the VGPB. The Department of Transport submitted its accreditation to the VGPB in May 2020. This is being reviewed and the department is expected to be accredited early in 2020–21.

In July 2020, the Department of Jobs, Precincts and Regions requested an extension and is now expected to finalise its accreditation by December 2020. The department indicated to the VGPB that it is currently operating under the procurement framework of the former Department of Economic Development, Jobs, Transport and Regions.

OVERALL COMPLIANCE

In 2019–20, organisations reported a high level of compliance with the VGPB supply policy framework, as shown in Table 3.

Areas of non-compliance related to:

- the time needed to set up new procurement functions after machinery of government changes;
- lack of system functionality to measure compliance;
- contract management practices; and
- oversights in publishing contracts valued over \$100 000 within 60 days on the Buying for Victoria Supplier Portal website.

TABLE 3: COMPLIANCE WITH VGPB POLICIES IN 2019–20

Organisation	Governance	Complexity and capability assessment	Market analysis and review	Market approach	Contract management and contract disclosure	Other mandatory requirements	Overall compliance
Education and Training	✓	✓	✓	✓	x	✓	97%
Environment, Land, Water and Planning	✓	✓	✓	✓	x	✓	93%
Health and Human Services	✓	✓	✓	✓	✓	✓	100%
Jobs, Precincts and Regions	x	✓	✓	x	x	✓	90%
Justice and Community Safety	✓	✓	✓	✓	✓	x	97%
Premier and Cabinet	✓	✓	✓	✓	✓	✓	100%
Transport	x	✓	✓	✓	x	x	80%
Treasury and Finance	✓	✓	✓	✓	✓	✓	100%
Cenitex	✓	✓	✓	✓	✓	✓	100%
Victoria Police	✓	✓	✓	✓	✓	✓	100%

Note: The Department of Transport had separate forward procurement plans covering Transport, VicRoads and Public Transport Victoria in 2019–20, but did not have a merged plan representing the new organisational structure. This affected their overall score since there are three requirements related to developing, reviewing and publishing these plans under governance.

COMPLIANCE BY POLICY AREA

Policy 1: Governance

Eight out of ten organisations reported full compliance with the requirements of this policy in 2019–20.

Non-compliance related to the time needed to establish new governance frameworks after machinery of government changes.

The Department of Jobs, Precincts and Regions has set up most components of its governance framework but has not transitioned to its new internal procurement unit. The terms of reference and proposed structure have been developed and it will be implemented in 2020–21.

VicRoads and Public Transport Victoria transitioned to sit under the Department of Transport on 1 July 2019. The department needed to merge the three procurement areas, including their forward procurement planning. The three organisations each had a forward procurement activity plan for 2019, but not a merged plan incorporating procurement from all three organisations. This combined plan will be published in 2020–21.

TABLE 4: COMPLIANCE WITH GOVERNANCE REQUIREMENTS IN 2019–20

Policy requirement	Organisations complying
Did the organisation have a CPO throughout the year?	10 of 10
Does the CPO have appropriate procurement qualifications and/or experience?	10 of 10
Does the organisation have an internal procurement unit?	9 of 10
Is the procurement strategy in place? This includes a: <ul style="list-style-type: none"> • procurement activity plan covering the next 12–24 months of planned procurements • contract management planning strategy • supplier engagement plan • capability development plan 	9 of 10
Did the organisation review its procurement activity plan in 2019–20?	9 of 10
Is a high-level version of your procurement activity plan published on your website?	9 of 10
Is your complaints management system in place?	10 of 10

CPO = Chief Procurement Officer

POLICY 2: COMPLEXITY AND CAPABILITY ASSESSMENT

All organisations reported compliance with the requirements of this policy.

TABLE 5: COMPLIANCE WITH COMPLEXITY AND CAPABILITY ASSESSMENT REQUIREMENTS IN 2019–20

Policy requirement	Organisations complying
Does the organisation have a complexity assessment methodology?	10 of 10
Is the complexity assessment methodology being applied to all procurement activity?	10 of 10
Does the organisation have a procurement capability assessment methodology?	10 of 10
Does the organisation have an appropriate level of procurement expertise, resources, systems and processes that enable procurement activities to be completed successfully?	10 of 10

POLICY 3: MARKET ANALYSIS AND REVIEW

All organisations reported compliance with the requirements of this policy.

TABLE 6: COMPLIANCE WITH MARKET ANALYSIS AND REVIEW REQUIREMENTS IN 2019–20

Policy requirement	Organisations complying
Does the organisation have a market analysis methodology?	10 of 10
Does the organisation have a process to identify aggregated purchasing opportunities (state purchase contracts and/or sole entity purchase contracts)?	10 of 10
Does the organisation have an asset disposal process?	10 of 10

POLICY 4: MARKET APPROACH

Nine out of ten organisations reported compliance with the requirements of this policy.

The Department of Jobs, Precincts and Regions identified instances of non-compliance related to contracts and variations being entered into without obtaining appropriate approvals.

The department is working on improving compliance and procurement capability through activities such as an external review of its procurement operating model, introducing Oracle Cloud contract module with mandatory training, and rolling out online procurement training sessions.

TABLE 7: COMPLIANCE WITH MARKET APPROACH REQUIREMENTS IN 2019–20

Policy requirement	Organisations complying
Does the organisation have a market approach strategy?	10 of 10
Does the organisation have critical incidents protocols and processes	10 of 10
Were all critical incidents managed in accordance with the market approach policy?	10 of 10
Does the organisation have an evaluation plan, supplier negotiation and selection process?	10 of 10
Were all market submissions managed in compliance with the market approach policy?	9 of 10

Note: Nine organisations purchased goods and services under the critical incident policy in 2019–20.

POLICY 5: CONTRACT MANAGEMENT AND CONTRACT DISCLOSURE

Three organisations did not fully comply with the requirements of this policy.

The Department of Environment, Land, Water and Planning had several instances of non-compliance breaches related to contract management. As a result, contract management training is now mandatory for contract managers in some business units.

The department is planning to roll out a new sourcing and contract management tool (Zycus) in late 2020, which will provide greater visibility and structure over contract management. Zycus is being implemented as part of a fully integrated solution which includes SAP, Oracle and a number of other technologies. Implementation was originally planned for 2019–20, but took longer to test than anticipated due to the complexity of the system.

The department also published a few contracts after 60 days on the Buying for Victoria Supplier Portal website. The department regularly reconciles its contracts database with the contracts publishing system and follows up any instances of non-disclosure with the appropriate contract managers to arrange publishing as soon as possible. However, this occasionally results in publishing after the 60-day period. The Zycus procurement system implementation will improve this process.

After machinery of government changes, the Department of Transport needed to merge three procurement systems and could not confirm that all contracts were managed in compliance with the contract management policy, due to a lack of visibility in these systems. This is being addressed by implementing Zycus.

The department also failed to disclose all contracts within 60 days. It is working through a backlog of contracts and will ensure all contracts are published by 31 July 2020.

The Department of Education and Training identified active contracts that did not have valid insurance certificates of currency on file. The department has mandated contract management training for contract managers of high-value/complexity engagements and updated procurement document templates to highlight the need for valid insurance certificates to be held on file by contract managers.

The Department of Jobs, Precincts and Regions disclosed all contracts as required, but some contracts were published outside the 60-day period due to resourcing changes and operational constraints.

TABLE 8: COMPLIANCE WITH CONTRACT MANAGEMENT AND DISCLOSURE REQUIREMENTS IN 2019–20

Policy requirement	Organisations complying
Does the organisation have a contract management framework?	10 out of 10
Were all contracts managed in compliance with the contract management policy?	7 out of 10
Does the organisation have a contract disclosure process?	10 out of 10
Did the organisation disclose all contracts valued over \$100 000 (incl. GST) within 60 days on the Buying for Victoria Supplier Portal website?	7 out of 10

OTHER MANDATORY REQUIREMENTS – SUPPLIER CODE OF CONDUCT

All organisations included a requirement to sign a supplier code of conduct commitment letter in their market approaches.

Two organisations were not able to report compliance with the requirement to exclude suppliers that failed to return a signed letter for the following reasons:

- The Department of Transport could not confirm compliance due to a lack of system functionality to measure this requirement. The implementation of Zycus will rectify this shortfall.
- The Department of Justice and Community Safety noted one instance where a supplier was engaged despite them not having returned a signed letter.

TABLE 9: COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS IN 2019–20

Requirement	Organisations complying
Did you include a requirement to sign a supplier code of conduct commitment letter in all your market approaches?	10 out of 10
Did you exclude suppliers that failed to return a signed letter?	8 out of 10

Audits

Our audit program:

- verifies compliance with VGPB supply policies;
- minimises risks; and
- improves processes to drive better procurement outcomes.

The audit measures how well organisations are delivering benefits, efficiencies and better service delivery as a result of improved supplier engagement, increased market engagement and greater rigour in driving value from contracts. Table 10 lists the audit results.

TABLE 10: AUDIT PROGRAM SCHEDULE AND RESULTS AT 30 JUNE 2020

Audit year	Organisation	No. of findings	Risk rating of findings	No. of recommendations	Recommendations implemented
2018–19	Treasury and Finance	5	Low	4	Three complete, one in progress
	Victoria Police	5	Medium	10	Eight complete, two in progress
2019–20	Education and Training	1	Low	2	Complete
	Premier and Cabinet	3	Two significant, one low	6	Five complete, one in progress

AUDIT FINDINGS IN 2019–20

Department of Premier and Cabinet

The VGPB identified several areas for improvement for the Department of Premier and Cabinet. The department has completed 90 per cent of the audit recommendations, making the following improvements:

- creating new recordkeeping rules for the business and storing all procurement documents in a shared, central depository;
- developing contract management plans for all contracts;
- updating the contract management policy and guide to include document retention requirements;
- communicating contract management requirements to all relevant staff;
- setting up the internal procurement unit (the procurement governance committee) and updating the department's procurement policy;

- checking the complaints management process;
- publishing a procurement activity plan with all required details;
- aligning the department's procurement guide with the VGPB's market approach policy; and
- checking contract disclosure processes are in place and correctly implemented.

The department still needs to train contract managers. This is due to be completed in early 2020–21.

Department of Education and Training

The Department of Education and Training had a positive audit result with only two recommendations. In response to recommendations, the department:

- mandated contract management training for contract managers of high-value/complexity engagements; and
- updated procurement document templates to highlight that contract managers must keep valid insurance certificates on file.

Performance measures

Organisations track their procurement performance each year using the performance measures and methodology listed in Table 11. Organisations applied new measures in 2019–20, after measures were revised in consultation with chief procurement officers in 2018–19.

TABLE 11: PERFORMANCE MEASURE METHODOLOGY

Performance measure	Definition
1 Value created as a consequence of department procurement activity	Value of direct expenditure savings (and potential expenditure avoided) of the organisation's procurements conducted during the financial year, as a percentage of total value of the organisation's contracted spend during the financial year.
2 Managed spend	The proportion of goods and services procurement spend reviewed or undertaken by an organisation's central procurement governance unit.
3 Increase in procurement capability	Annual assessment of change in organisational procurement capability year-on-year, measured by the VGPB capability assessment tool.
4 Supplier satisfaction assessment	Satisfaction with the procurement process and service provided by the organisation's procurement function, based on a survey of supplier experience of individual procurement activities. The survey is conducted with successful and unsuccessful suppliers.
5 Planned procurement activity as a percentage of actual procurement activity	Number of planned procurements documented in the organisation's internal forward activity plan against the number of market approaches actually undertaken during the financial year.

The supplier satisfaction survey moved from an annual data collection to an event-based survey sent out by organisations at the end of each procurement process. This has resulted in a higher response rate (15 per cent) and has given organisations more meaningful results to guide their supplier engagement.

Results from 2019-20 are listed in Table 12. More information on organisational performance, including a comparison with the previous two years, can be found under each organisation’s profile in the *Procurement profiles* section.

TABLE 12: SUMMARY OF PERFORMANCE MEASURE RESULTS IN 2019-20

		Education and Training	Environment, Land, Water and Planning	Health and Human Services	Jobs, Precincts and Regions	Justice and Community Safety	Premier and Cabinet	Transport	Treasury and Finance	Cenitex	Victoria Police
1	Value created through procurement (%)	8.9	5.3	4.1	–*	10.0	1.9	2.2	11.9	10.8	4.3
2	Managed spend (%)	49.7	26.9	93.0	8.2	– [†]	29.3	79.8	97.6	100	86.1
3	Increase in procurement capability (%)	2.3	6.3	2.8	10.6	–20.7	14.1	18.7	3.4	8.6	–10.4
4	Successful suppliers satisfied (%)	79	60	83	86	69	100	69	100	67	93
	Unsuccessful suppliers satisfied (%)	52	32	38	57	33	75	26	55	40	33
5	Planned procurement activity (%)	46.7	71.7	22.4	38.5	24.9	50.0	10.5	59.1	35.7	82.6

* The Department of Jobs, Precincts and Regions operates a decentralised procurement model with mandatory requirements to demonstrate value for money. However, the model does not currently capture monetary value from procurement activity. The department is considering initiatives to increase visibility of cost saving achievements across the department.

[†] The Department of Justice and Community Safety could not provide data for this metric and is implementing a new system which will help provide this data in future.

Engagement

In 2018–19, the VGPB moved from an organisational oversight model focused on risk and complexity to an engagement model. Under the new model, organisations engage with the VGPB on a broader range of procurement activities, providing the opportunity for the VGPB to monitor compliance more widely, engage and interact with procurement personnel across government and give strategic advice.

Under this new engagement model, the VGPB received eight submissions from organisations in 2019–20, and gave strategic advice to chief procurement officers, procurement practitioners and stakeholders on a range of procurement matters. VGPB members also attended and presented at meetings with several departments' internal procurement units and procurement boards to discuss a range of procurement-related matters and priorities during the year.

VGPB members supported and attended procurement reform subcommittee meetings, providing strategic procurement advice. Relevant VGPB members also provided oversight and advice on developing business cases and market engagement strategies for the renewal of four state purchase contracts (SPCs) and the establishment of two new SPCs during 2019–20.

Three board members reviewed the VGPB's audit compliance program and engaged with chief procurement officers and audit practitioners to develop options for establishing a more comprehensive audit program. These options will be reviewed by the VGPB in August 2020 in anticipation of transitioning to the new audit program in 2020–21. Two VGPB members are also helping the Department of Premier and Cabinet with a program of work to lift procurement capability across government in regard to cybersecurity and information technology procurement.

Complaints

A complaint is defined as an issue or concern expressed by a supplier in relation to the process and probity applied by an organisation when carrying out a procurement activity.

Organisations must have a complaints management system which sets out the process for addressing complaints by suppliers. Chief procurement officers (CPOs) are responsible for the complaints management process. In 2019–20, all organisations had a complaints management system in place.

Organisations reported four complaints related to procurement activity, as shown in Table 13. This compares to 10 complaints in 2018–19, nine in 2017–18 and five in 2016–17.

TABLE 13: COMPLAINTS RELATED TO PROCUREMENT ACTIVITY IN 2019–20

Organisation	Number	Nature of complaint	Action taken	Status
Treasury and Finance	1	Late submission to an SPC tender, and an assertion that the process for informing stakeholders was deficient	The CPO investigated and found that the integrity of the tender process had not been compromised. The CPO noted that the independent probity adviser engaged by the department had also found that the late submission should not be accepted. The matter was referred to the VGPB when the complainant was dissatisfied with the outcome of the investigation by the CPO.	Referred to VGPB
Environment, Land, Water and Planning	2	Poor administration of procurement process	CPO investigated and found the process to be fair and reasonable. The complainant wanted to escalate the matter and was advised how to do so (in November 2019). To date, the VGPB has not received a complaint, so this is considered as resolved.	Resolved
		Conduct of the risk evaluation process and awarding the contract to a 'non-conforming' bid	The CPO reviewed the tender process and the report compiled by the independent probity advisor. The CPO was satisfied that the process was fair and reasonable and informed the complainant in writing.	Resolved
Victoria Police	1	Tenderers were not treated in a fair and equitable manner, the evaluation process was flawed, and feedback given to unsuccessful suppliers was not timely or transparent	Victoria Police investigated the complaint and found no adverse findings. It did identify some improvement opportunities. The complainant escalated the complaint to the VGPB. The VGPB investigated and based on their response, Victoria Police committed to make several improvements, including reviewing and consolidating procurement practitioner skills, focusing on education and capability and improving sourcing and contract management systems.	Resolved
Total	4			

RESOLUTION OF COMPLAINTS FROM 2018–19

Victoria Police had one complaint in 2018–19 that was still under investigation at the end of that financial year. The complaint related to the wording of a response to a clarification question which allegedly implied a preconceived outcome. Victoria Police met with the supplier to respond to the complaint and the matter was resolved in September 2019.

Towards the end of 2018–19, a complainant to the Department of Health and Human Services escalated their complaint to the VGPB. The complaint related to two procurement processes. One was found to be outside the jurisdiction of the VGPB. The second was investigated and no non-compliance found. The VGPB did recommend the department make two minor improvements to its complaints management process. The complainant was advised of the outcome in July 2019.

PROCURING GOODS AND SERVICES

Capturing data on procurement of goods and services

In 2019–20, the VGPB collected procurement data from 10 organisations – the eight Victorian Government departments, Cenitex and Victoria Police.

VicRoads and Public Transport Victoria transitioned into the Department of Transport on 1 July 2019 and now report their procurement data through this department.

CONTRACT APPROVALS

The VGPB collects data on contract approvals of all (non-construction) goods and services contracts valued at \$100 000 or more (including GST).

Organisations report on three types of contracts as listed in Table 14.

TABLE 14: TYPES OF CONTRACT APPROVALS

One-off supply contract	A single purchase of a specific quantity of goods or services.
Sole entity purchase contract (SEPC)	A standing offer agreement for goods and services commonly used within an organisation. SEPCs are mandatory for the organisation establishing the arrangement.
State purchase contract (SPC)	A standing offer agreement for goods and services commonly used across the Victorian Government, such as stationery, print management and ICT services.

SEPCs and SPCs can run over multiple years and may include options to extend the contract.

The values reported in the annual report reflect the total estimated contract value at contract approval, including any options to extend (regardless of whether options are exercised). They do not reflect actual spend under the contract.

One-off supply contract approval data does not include purchases from SPCs and SEPCs.

Some contracts may include a mix of goods and services. Organisations generally categorise these depending on whether they are predominantly goods or services.

All figures in the tables and text in the annual report have been rounded. Discrepancies in tables between totals and sums of components reflect this rounding.

Contracts approved in 2019–20

In 2019–20, the 10 organisations reported 1 657 procurement contract approvals valued at \$1 951.7 million, as shown in Table 15.

VGPB goods and services supply policies include critical incident procurement protocols to enable government to quickly respond to any emergency, crisis or disaster by adopting streamlined and flexible procurement processes.

Organisations procured significantly more goods and services under the VGPB’s critical incident procurement protocol than in previous years due to the need to respond quickly to the Victorian bushfires and COVID-19. To read more about the critical incident procurement protocol and contracts approved under this policy in 2019–20, refer to *One-off supply approvals (critical incidents)* later in this section.

About one-third of all one-off supply contract approvals were procured under the critical incident procurement protocol, as shown in Table 15.

TABLE 15: TOTAL NUMBER AND VALUE OF CONTRACT APPROVALS IN 2019–20 BY GOODS AND SERVICES

	One-off supplies				SEPCs		SPCs	
	Non-critical		Critical		Number	Value (\$M)	Number	Value (\$M)
	Number	Value (\$M)	Number	Value (\$M)				
Goods	95	\$38.2	234	\$75.2	24	\$66.6	1	\$65.0
Services	941	\$1 233.7	337	\$210.3	20	\$32.2	5	\$230.5
Total	1 036	\$1 272.0	571	\$285.4*	44	\$98.8	6	\$295.5

Note: Due to the high number of critical incident procurements reported in 2019–20, critical and non-critical contract approvals have been reported separately under one-off supplies in this table. Discrepancies between totals and sums of totals reflect rounding.

* Contract value excludes the Department of Jobs, Precincts and Regions’ contracts where contract value is still to be finalised.

The majority of contract approvals were for one-off supplies (97.0 per cent), followed by SEPCs (2.7 per cent) and SPCs (0.4 per cent).

In terms of value, one-off supplies were equivalent to 79.8 per cent of the total value of approved contracts, followed by SPCs at 15.1 per cent and SEPCs at 5.1 per cent.

The difference in proportions between numbers and values is because SPCs and SEPCs generally have higher estimated contract values and span multiple years.

TRENDS IN CONTRACT APPROVALS

Table 16 and Figure 5 show the number and value of contracts approved over the last three years. The number of contracts increased in 2019–20, but the total value decreased. This can be attributed to the increase in one-off supply contracts for critical incident procurements and the decrease in value in standing offer agreements.

SPCs and SEPCs typically have higher contract values and span multiple years. For some organisations, the need to prioritise response and recovery efforts will have delayed planned procurements, including setting up and renewing these contracts.

The number and value of SEPC and SPC approvals usually varies from year to year based on the specific procurement projects that need to be carried out in any given year, and/or the expiry and need for renewal of SEPCs and SPCs.

TABLE 16: TRENDS IN ONE-OFF SUPPLY, SEPC AND SPC CONTRACT APPROVALS FROM 2017–18 TO 2019–20

	2017–18		2018–19		2019–20	
	Number	Value (\$M)	Number	Value (\$M)	Number	Value (\$M)
One-off supplies	1 152	\$1 515.8	1 239	\$1 249.7	1 607	\$1 557.4
SEPCs	36	\$254.2	32	\$441.9	44	\$98.8
SPCs	9	\$1 241.2	9	\$885.8	6	\$295.5
Total	1 197	\$3 011.2	1 280	\$2 577.4	1 657	\$1 951.7

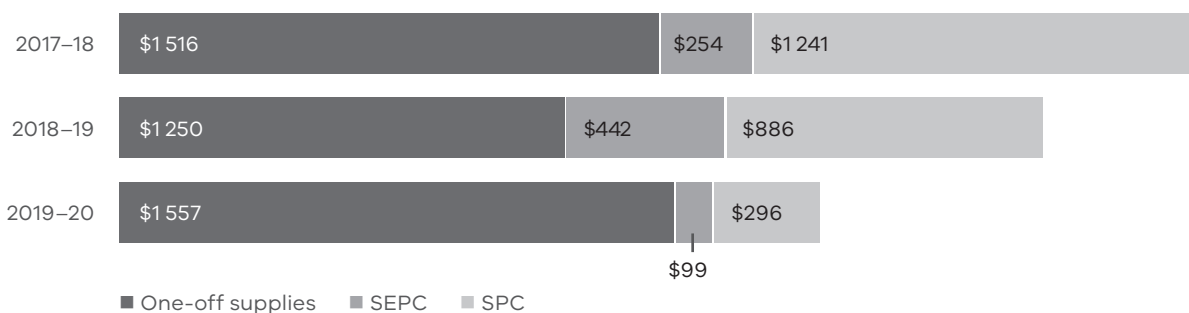
TRENDS AT A GLANCE

FIGURE 5: TRENDS IN NUMBER AND VALUE OF CONTRACT APPROVALS FROM 2017–18 TO 2019–20

Number



Value (\$M)



One-off supply contract approvals (non-critical)

In 2019–20, organisations reported 1 036 one-off supply contract approvals valued at \$1 272 million, excluding critical incident procurement contract approvals (see Table 17).

This compares to 1 239 one-off supply contract approvals in 2018–19 valued at \$1 250 million.

TABLE 17: ONE-OFF SUPPLY CONTRACT APPROVALS BY ORGANISATION AND BY GOODS AND SERVICES IN 2019–20

Organisation	Goods		Services	
	Number	Value (\$M)	Number	Value (\$M)
Education and Training	2	\$0.4	161	\$189.0
Environment, Land, Water and Planning	8	\$1.9	203	\$248.7
Health and Human Services	0	0	75	\$54.4
Jobs, Precincts and Regions	20	\$9.8	138	\$75.0
Justice and Community Safety	13	\$6.8	69	\$396.5
Premier and Cabinet	7	\$2.4	57	\$32.7
Transport	21	\$10.3	197	\$180.6
Treasury and Finance	8	\$1.3	17	\$4.8
Cenitex	3	\$0.9	13	\$27.5
Victoria Police	13	\$4.3	11	\$24.5
Total	95	\$38.2	941	\$1 233.7

Note: Discrepancies between totals and sums of totals reflect rounding.

One-off supply approvals (critical incidents)

The VGPB's market approach policy allows organisations to adopt streamlined and flexible procurement processes to facilitate an immediate response to an emergency, crisis or disaster (referred to in the policy as a critical incident). This policy applies to all Victorian Government departments and any public bodies that are subject to VGPB supply policies (hereby referred to as organisations).

Critical incident protocols and processes are invoked when a relevant minister, accountable officer or chief procurement officer (CPO) declares a critical incident to exist in relation to the operation of procurement processes by reason of:

- an emergency within the meaning of the *Emergency Management Act 1986*;
- an incident that causes an organisation's business continuity plan to be activated;
- an incident that represents a serious and urgent threat to the health, safety or security of a person or property; or
- a situation that represents a serious or urgent disruption to services provided by an organisation.

During a critical incident, all other supply policies do not apply to the extent that the critical incident makes it impractical to apply them. Regardless, an organisation must:

- take into account value for money, accountability, information asset security and probity to the extent that they can be applied given the severity and urgency of the incident;
- adopt minimum recordkeeping processes; and
- adhere to contract disclosure requirements.

Organisations must develop a plan or adopt a format that allows for minimum recording of certain information in relation to procurement decisions during a critical incident.

The accountable officer or CPO is to define a date at which procedures under critical incidents cease, after which organisations resume operating under standard VGPB procurement policies and processes.

Nine organisations reported 571 critical incident procurements valued at \$285.4 million in 2019–20. Sixteen incidents were reported in 2018–19, valued at \$4.6 million.

Most of these contract approvals (91 per cent) were for COVID-19 related goods and services.

The remaining contract approvals were for bushfire-related goods and services, apart from one critical incident procurement in the Department of Health and Human Services to ensure business continuity related to a cyberattack.

TABLE 18: CRITICAL INCIDENT PROCUREMENT BY ORGANISATION IN 2019–20

Organisation	COVID-19		Bushfire		Other	
	Number	Value (\$M)	Number	Value (\$M)	Number	Value (\$M)
Education and Training	276	\$30.1	..	..	..	..
Environment, Land, Water and Planning	..	..	7	\$3.9	..	..
Health and Human Services	69	\$47.8	1	\$0.3	1	\$2.2
Jobs, Precincts and Regions	31	\$113.8*	2	\$3.0	..	..
Justice and Community Safety	95	\$38.6	..	..	..	..
Premier and Cabinet	6	\$4.6	41	\$20.3	..	..
Transport	2	\$2.3	..	..	..	..
Treasury and Finance	..	..	..	..	..	..
Cenitex	4	\$0.4	..	..	..	..
Victoria Police	36	\$18.1	..	..	..	..
Total	519	\$255.7	51	\$27.5	1	\$2.2

Note: Discrepancies between totals and sums of totals reflect rounding.

* Contract value excludes contracts where value is still to be finalised.

Bushfire contract approvals related to procurements for goods and services such as:

- equipment and machinery hire and lease;
- clean-up;
- accommodation;
- admin staff to run the Personal Hardship Assistance Program Emergency Line; and
- recovery services.

COVID-19 related contract approvals related to procurements for goods and services such as:

- supporting remote working arrangements;
- personal protective equipment and deep cleaning;
- testing and contract tracing services;
- supporting frontline and other COVID-19 workers; and
- managing quarantine arrangements.

RESPONDING TO COVID-19

For many organisations, it was the first time they had procured goods and services under the critical incident procurement protocol. Here are two examples of how organisations were able to respond during COVID-19.

Case study: Keeping passengers and probity safe during a pandemic

To help keep passengers safe during COVID-19, the Department of Transport installed hand sanitiser stations at train stations and tram stops in preparation for a full return to passenger services of public transport.

The department wanted to find a supplier that could provide both 'touchless' hand sanitiser dispensers and regular top ups of the hand sanitiser liquid for at least six months at 370 locations.

Transport's procurement team led the market approach and ran a full quotation process within 12 business days, including negotiations, best and final offer, internal approvals and contract execution.

The team liaised with various departments to identify the best commercial outcome throughout the process, driving a value-for-money solution while upholding probity principles.

Case study: Supporting staff to work remotely during COVID-19

Cenitex provides ICT support and services for Victorian Government departments and agencies. When the public service transitioned to remote working in response to COVID-19, Cenitex was inundated with service desk requests. They needed to find quick solutions to meet their customer's needs during this challenging time.

First, they engaged a third-party provider to set up a customer self-service request portal. This gave customers an alternative quick-access communication channel for chat, self-help articles and updates on critical activities to support working from home.

Second, they engaged third-party resources to provide extra technical support, helping with remote access configuration queries and related desktop and service desk style support services.

Cenitex's procurement team helped get these two support services up and running quickly under the critical incident procurement policy.

Variations

Most variations reported in 2019–20 related to one-off supply contracts, as shown in Table 19.

TABLE 19: TOTAL CONTRACT VARIATIONS BY VALUE RANGE IN 2019–20

Variations (value range)	One-off supply contracts	SEPCs	SPCs
\$0 – \$9 999	18	0	0
\$10 000 – \$99 999	109	4	0
\$100 000 – \$999 999	129	8	0
> \$1 million	39	4	4
Total	295	16	4

An organisation may vary a contract for numerous reasons:

- the project scope or timeframe may change during the contract lifespan, requiring a variation to the original contract;
- a lack of suitable suppliers may make it more economical to vary a contract than launch a full tender process;
- organisations may need to extend contracts to provide service continuity after machinery of government changes or while they prioritise their response to emergency events such as bushfires or COVID-19; or
- a variation can cover a transition period while an organisation prepares for a full tender process.

Table 20 shows variations reported by organisation in 2019–20.

TABLE 20: VARIATIONS REPORTED BY ORGANISATION IN 2019–20.

Organisation	Number
Education and Training	n/a*
Environment, Land, Water and Planning	33
Health and Human Services	43
Jobs, Precincts and Regions	63
Justice and Community Safety	15
Premier and Cabinet	56
Transport	76
Treasury and Finance	2
Cenitex	0
Victoria Police	27
Total	315

* The Department of Education and Training keeps full records of all variations but cannot extract number and value from its current procurement system. A new system will be implemented in 2021 to enable this data capture.

Procurement complexity

Procurement complexity refers to the level of difficulty involved in procuring a good or service. An assessment of complexity considers factors such as risk, total cost of ownership and market dynamics.

When buying goods and services, organisations complete a complexity assessment and categorise procurements into one of four complexity quadrants (Table 21). The quadrant guides the sourcing strategy and how to manage risks and contractual arrangements.

TABLE 21: DESCRIPTION OF COMPLEXITY QUADRANTS

Quadrant	Description
Transactional	Low-value and low-risk transactions where approved suppliers (e.g. SPCs) are not available.
Leveraged	Frequently used goods and services in a competitive marketplace that are procured by an individual organisation or whole of government, where the organisation has the ability to drive value.
Focused	Goods and services where a limited number of suppliers are available or where novel commercial arrangements are in place. May include whole-of-government contracts.
Strategic	Goods and services in a competitive market that are high value, where business criticality is high, and/or where the good or service is of state significance. May include whole-of-government contracts.

OVERVIEW OF COMPLEXITY

VGPB policies require upfront planning, category management and detailed market analysis. Organisations identify the best approach to market for any given category, while also identifying opportunities to aggregate demand for frequently used goods and services procured from a competitive marketplace, giving them more buying power to drive value for money.

For critical incident procurements, organisations will usually complete a complexity assessment as part of their market approach, but it is not mandatory. For this reason, critical incident procurements are not included in the breakdown of complexity in this section.

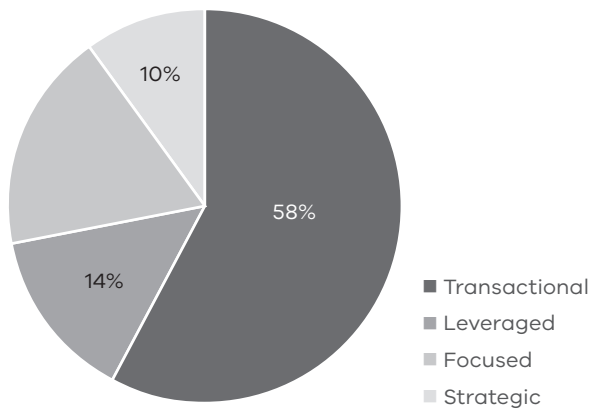
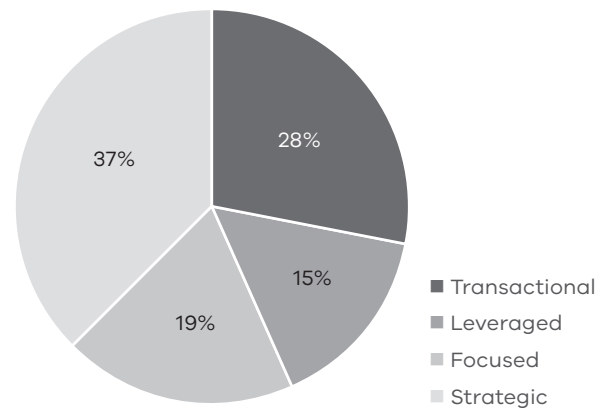
TABLE 22: TOTAL CONTRACT APPROVALS BY COMPLEXITY QUADRANT IN 2019–20

Complexity quadrant	Number	Value (\$M)	Average value per contract (\$M)
Transactional	632	\$471.8	\$0.7
Leveraged	148	\$251.0	\$1.7
Focused	199	\$321.5	\$1.6
Strategic	107	\$622.1	\$5.8
Totals	1 086	\$1 666.3	\$1.5

Notes: Discrepancies between totals and sums of totals reflect rounding. The total average value reflects total value divided by total number and not the sum of the average value components.

Most procurement approvals were transactional (58.2 per cent) as shown in Figure 6.

The strategic quadrant had the lowest number (9.9 per cent) but the highest value (37.3 per cent), as shown in Figure 7.

FIGURE 6: NUMBER OF CONTRACT APPROVALS BY COMPLEXITY QUADRANT IN 2019–20**FIGURE 7: VALUE OF CONTRACT APPROVALS BY COMPLEXITY QUADRANT IN 2019–20**

TRENDS IN PROCUREMENT COMPLEXITY

Table 23 and Figure 8 compare value and number of complexity quadrants in 2019–20 with the two previous years.

The number and value in each complexity quadrant varies from year to year based on the specific procurement projects that need to be carried out in any given year. Complexity data for 2019–20 excludes 571 one-off supply contracts valued at \$285.4 approved under the critical incident protocol. This should be taken into account when comparing complexity data with previous years.

TABLE 23: TRENDS IN PROCUREMENT COMPLEXITY FROM 2017–18 TO 2019–20

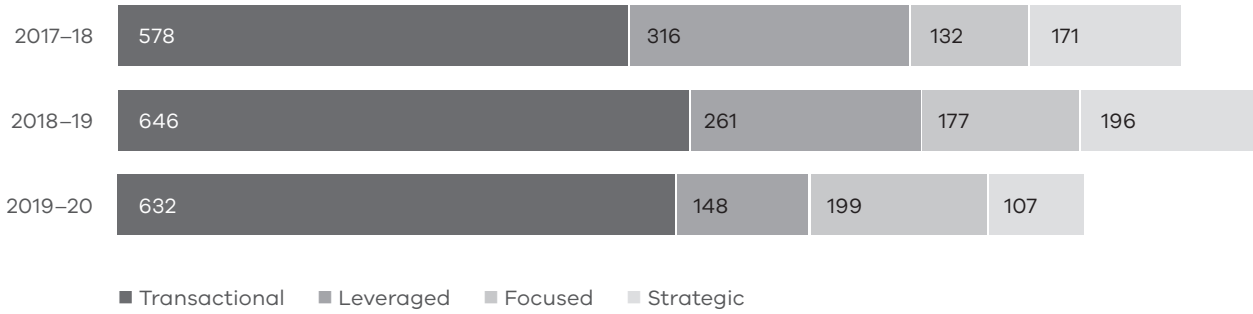
Complexity quadrant	2017–18		2018–19		2019–20	
	Number	Value (\$M)	Number	Value (\$M)	Number	Value (\$M)
Transactional	578	\$674.9	646	\$372.9	632	\$471.8
Leveraged	316	\$528.2	261	\$1 262.9	148	\$251.0
Focused	132	\$700.7	177	\$203.3	199	\$321.5
Strategic	171	\$1 107.5	196	\$738.3	107	\$622.1
Totals	1 197	\$3 011.2	1 280	\$2 577.4	1 086	\$1 666.3

Note: Critical incident procurements are not included in 2019–20 complexity figures. Discrepancies between totals and sums of totals reflect rounding.

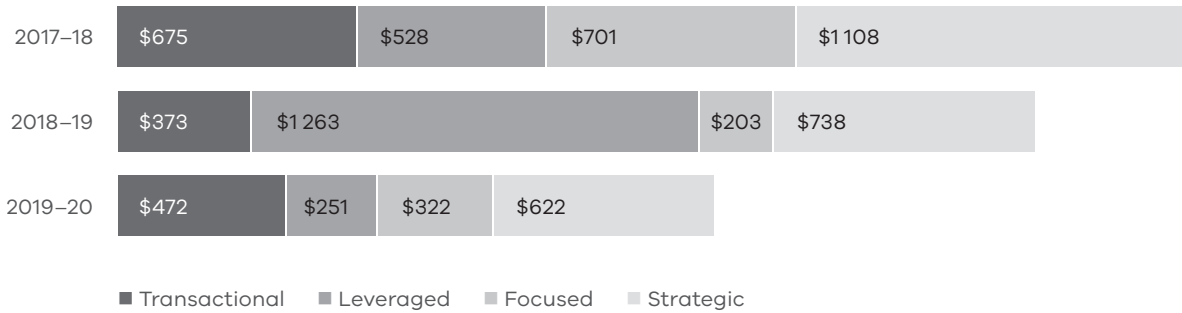
COMPLEXITY TRENDS AT A GLANCE

FIGURE 8: TRENDS IN NUMBER AND VALUE OF PROCUREMENT COMPLEXITY FROM 2017–18 TO 2019–20

Number



Value (\$M)



Note: Critical incident procurements are not included in 2019-20 complexity figures.

HARNESSING THE BUYING POWER OF GOVERNMENT

By combining demand for commonly used goods and services, government can harness greater economies of scale when negotiating with suppliers.

Aggregating purchasing power allows organisations to negotiate lower prices and better terms and conditions and reduces risk and the administrative burden on buyers and suppliers.

The Victorian Government has a number of state purchase contracts (SPCs) and registers for commonly purchased goods and services. To see a full list of SPCs and registers, visit www.buyingfor.vic.gov.au.

More than 200 organisations benefit from the time and cost savings offered by SPCs. Total annual spend under SPCs is estimated to be about \$1.7 billion (not including spend under the Legal Services Panel).

Aggregated purchasing

Aggregated purchasing is grouping together demand for commonly purchased goods and services to make the most of greater economies of scale when procuring from the marketplace.

SPCs

SPCs can be sole or multiple (panel) supplier arrangements or register arrangements. Panels can be open or closed. Open panels can accept new suppliers at set or other times during the contract period. Closed panels are restricted to the suppliers engaged at the start of the contract.

Registers consist of prequalified suppliers, compliant where required with the eligibility criteria to provide goods and services to Victorian Government.

WHO CAN ACCESS SPCS?

All government organisations and agencies can access SPCs provided they commit to the rules of use. For organisations bound by VGPB policies, the individual rules of use for the SPC apply.

Other organisations that can access SPCs, on application to the relevant lead agency, include local and federal government organisations and not-for-profit organisations.

WHO MANAGES SPCS?

The Department of Treasury and Finance manages almost all non-ICT goods and services SPCs. The only exception is the Legal Services Panel, which is managed by the Department of Justice and Community Safety.

The Department of Premier and Cabinet is responsible for ICT SPCs, apart from Rosetta, which is managed by Cenitex.

LOOKING FOR NEW OPPORTUNITIES

Throughout 2019–20, the VGPB continued to review organisations' forward-looking procurement activity plans. This helps the VGPB to continue to support the departments of Treasury and Finance and Premier and Cabinet in identifying additional opportunities for aggregation to drive greater value-for-money outcomes.

The Department of Treasury and Finance has:

- been leading a program of data analytics designed to deliver improvements to existing SPCs and identify opportunities for new SPCs; and
- developed a strategy and market approach document to lay the foundation for a modern and flexible banking and financial services SPC.

Victoria is also joining with New South Wales, Queensland and the Australian Capital Territory in a joint Fuel and Associated Products procurement to drive better value for money.

The Department of Premier and Cabinet is exploring options for:

- Amazon Web Services agreement;
- ServiceNow agreement; and
- Google agreement.

The Department of Premier and Cabinet is also looking at introducing virtualised buying for all ICT SPCs through the eServices program.

ABOUT THE DATA IN THIS SECTION

The contract values in the tables are estimates. Expenditure occurs as organisations order and consume goods and services under the SPC. This takes place over the contract term. Total estimated value includes the initial contract term, and any options to extend the contract (although these may or may not be exercised).

State purchase contracts approved in 2019–20

In 2019–20, six SPCs were approved with an estimated total value of \$295.5 million, as listed in Table 24. This compares to nine SPCs approved in 2018–19, with an estimated total value of \$885.8 million.

Four SPCs were extended under a contract variation in 2019–20:

- The Department of Premier and Cabinet varied three SPCs during the year – Telecommunication (TPAMS 2025) Services, Intra-Government Secured Network and Victorian Office Telephony Services – to ensure these contracts end when the new Victorian Telecommunications Service contract starts.
- The Department of Treasury and Finance varied one SPC during the year after market analysis showed no competitors in the market offering the same or similar service.

TABLE 24: SPCS APPROVED IN 2019–20

Organisation	Total number	Title/description	Total estimated value (million)	Contract term (yrs)	Options	Complexity assessment outcome	Market approach method	Type of arrangement	No. of suppliers
Treasury and Finance	1	Natural gas for small sites	\$65.0	2	Up to 3 years	Strategic	RFT	Closed	1
Premier and Cabinet	5	SalesForce renewal*	\$26.1	3	1	Strategic	RFQ	Closed	1
		Microsoft Enterprise Agreement renewal*	\$157.2	3	1x3	Strategic	RFQ	Closed	1
		Data 3 (MS Licensing) renewal*	As per Microsoft	3	1	Strategic	RFT	Closed	1
		Multifunctional Printing Device renewal	\$46.5	3	2	Transactional	RFT	Open	5
		Vendor Panel (supports eService and ICT infrastructure register)*	\$0.7	4	1	Transactional	RFQ	Closed	1
Total	6		\$295.5						

RFT = Request for tender, RFQ = Request for quote

* Non-mandatory/optional SPC

THE BENEFITS OF ICT SPCS

ICT is an obvious contender for combining purchasing power, given the prevalence of technology in our working lives. In 2019–20, ICT SPCs continued to offer benefits and value-for-money outcomes across government:

- The End User Computing Agreement played an important role during COVID-19 as new devices were ordered to support work-from-home arrangements. Through this agreement, Victorian Government device orders were prioritised with suppliers, with any backlog carefully managed and customers kept informed throughout.
- The Microsoft Enterprise Agreement was renegotiated for a further three years in March 2020. This SPC is used by all inner budget departments (except the Department of Education and Training), as well as 29 outer budget sector agencies. Consolidating government spend has led to significant savings benefits for Office 365 (both cloud and perpetual licences), Dynamics 365 (cloud licences) and Azure cloud services.
- The Multifunctional Printing Device SPC was refreshed this year. Negotiations resulted in better value for the state with simplified purchasing processes, streamlined reporting, social procurement provisions and enhanced service level agreements. For many of the devices available under the contract, higher discounts were achieved and more flexibility for customers with a range of devices to better meet their business requirements.
- The SPC team developed a strategic sourcing operations manual for ICT procurement to be used when sourcing all ICT SPCs. It includes detailed RASCI guidelines (Responsible, Accountable, Supporting, Consulted and Informed).

Sole entity purchase contracts approved in 2019–20

In 2019–20, 44 SEPCs were approved with an estimated total value of \$98.8 million, as listed in Table 25. This compares to 32 SEPCs approved in 2018–19, with an estimated total value of \$441.9 million.

TABLE 25: SEPCS APPROVED IN 2019–20

Organisation	Number	Value (\$M)
Environment, Land, Water and Planning	15	\$15.1
Health and Human Services	1	\$3.5
Justice and Community Safety	1	\$0.2
CenITex	3	\$3.7
Victoria Police	24	\$76.3
Total	44	\$98.8

PROCUREMENT PROFILES

This section summarises the procurement profile and performance of the 10 organisations that reported directly to the VGPB at the end of this financial year.

Organisations generally operate a centralised or decentralised procurement model, or somewhere in between. In a centre-led model, procurement is typically managed by a single dedicated part of the business. In a decentralised model, procurement is carried out across the business. For some organisations, high-value procurements may be carried out centrally, while lower value transactional procurements are carried out by the relevant business unit.

In 2019–20, some organisations needed to re-prioritise their procurement activities to respond to COVID-19 and bushfires. This led to delays in planned procurements and affected saving opportunities. This is reflected in their performance measure results.

Note that:

- The accountable officer (AO), chief procurement officer (CPO) and internal procurement unit chair (IPU Chair) listed under each organisation is the person in that role at 30 June 2020.
- Managed spend was introduced this year as a new performance measure, so comparisons with previous years are unavailable.
- The complexity profile graphic is based on number of contract approvals, not value.

Department of Education and Training

The Department of Education and Training's (DET) vision is that together we give every Victorian the best learning and development experience, making our state a smarter, fairer and more prosperous place. To achieve this vision, DET delivers and regulates statewide learning and development services to more than one-third of all Victorians, across the early childhood education, school education and training and skills sectors.

PROCUREMENT PROFILE IN 2019–20

163

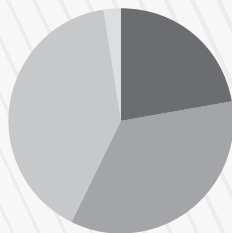
One-off supply contract approvals valued at \$189.4 million*

Top categories of spend

- Professional services
- Contract recruitment
- IT services
- Education and training services

Focused and leveraged complexity profile

- Transactional
- Focused
- Leveraged
- Strategic



276

critical incident contract approvals valued at \$30.1 million*

Highlights

- Rolled out a government election commitment to provide free pads and tampons in all Victorian public schools and negotiated major savings through direct negotiation with suppliers.
- Developed and rolled out online training modules covering the five stages of the procurement process, to align with face-to-face training offerings.
- Completed actions from an internal audit of contract management.
- Continued to build negotiation capabilities in corporate procurement staff.

Centre-led procurement function

AO: Jenny Atta, Secretary, Office of Secretary

CPO: Tarkan Koman, CPO, Procurement Division

IPU Chair: Kate Rattigan, Deputy Secretary, People and Executive Services

* Contracts valued at \$100 000 or more.

PERFORMANCE

DET's Procurement Division has continued to make incremental improvements to well-established processes. This is particularly visible in the increased value created from overseen procurement activities.

Table 26 sets out DET's performance in 2019–20, compared with the two previous years.

TABLE 26: DET PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	3.5	4.2	8.9	
Staff awareness of budget pressures and greater acknowledgment of negotiation's place in the procurement process has improved this score. Savings targets have now been included in professional development goals for specialist procurement staff. DET also had one project that made significant savings, which increased the overall score this year.				
Managed spend	n/a	n/a	49.7	
The Procurement Division managed 50 per cent of spend, which aligns with the department's centre-led procurement model.				
Increase in procurement capability	2.4	1.5	2.3	
The department increased procurement capability from 132 to 135 out of 150. DET uses a 70:20:10 model to support and guide team members to run sourcing events end to end, with peer reviews and support from managers, complemented by formal training to improve capability. Procurement has been more proactive at engaging with stakeholders, leading to this year-on-year increase in capability.				
Supplier satisfaction assessment	Successful satisfied	70	80	79
	Unsuccessful satisfied	31	25	52
Satisfaction of unsuccessful suppliers rose by nearly 27 per cent. Factors affecting this improvement include consistent offers to provide feedback and continually refining market approach documents based on feedback to make them clearer. DET had a 20 per cent response rate. One area for improvement is giving the market better timeline estimates.				
Planned procurement activity as a % of actual procurement activity	52.8	51.9	46.7	
DET continued to engage with business areas before the business planning period, encouraging them to document and share procurement needs upfront when planning their programs of work. This year's result was affected by the COVID-19 pandemic and this will likely continue in 2020–21.				

Department of Environment, Land, Water and Planning

The Department of Environment, Land, Water and Planning (DELWP) employs more than 4 000 staff in 82 locations across Victoria. DELWP brings together planning, local government and infrastructure, environment, climate change, energy and water functions, to ensure an integrated approach to the development of long-term state and regional strategies that build on social, environmental and economic opportunities to provide for future population growth and change.

A significant portion of DELWP’s procurement activity focuses on emergency management related to fire and flood recovery, including a contracted fleet of around 50 aircraft.

Solar Victoria was set up as a portfolio agency under DELWP on 1 July 2019 to deliver the Solar Homes program.

PROCUREMENT PROFILE IN 2019–20

211

One-off supply contract approvals valued at \$250.6 million*

7

critical incident contract approvals valued at \$3.9 million*

15

SEPC approvals valued at \$15.1 million*

Top categories of contract approval

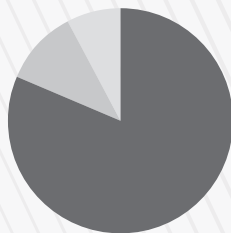
- Professional services
- Aviation services
- ICT services
- Fire fleet services

Highlights

- Completed the design for a new procurement operating model.
- DELWP’s Vendor Management System was adopted as the recommended whole-of-government approach.
- Enhanced negotiation capability and improved milestones and metrics in contracts.
- Achieved procurement savings of \$22 million (including direct and indirect savings).

Mostly transactional complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



Centre-led procurement model

AO: John Bradley, Secretary, Office of the Secretary

CPO: A.J. Karliner, CPO, Finance, Corporate Services

IPU Chair: Helen Vaughan, Deputy Secretary, Water and Catchments

* Contracts valued at \$100 000 or more.

PERFORMANCE

Overall, DELWP performed well in 2019–20 with procurement increasingly being seen as a core function of the department. The Central Procurement Team was expanded to cater for increased procurement requirements.

Table 27 sets out DELWP's performance in 2019–20, compared with the two previous years.

TABLE 27: DELWP PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	7.5	10.2	5.3	
<p>The Central Procurement Team continued to generate savings from the procurements led by the team. Actual savings across DELWP would be higher if the savings generated by the best and final offer process conducted by the business were recorded. Rolling out Zycus (expected in the last quarter of 2020) will enable greater visibility, structure and reporting over sourcing processes and contracts.</p>				
Managed spend	n/a	n/a	26.9	
<p>The procurement governance unit reviews all procurement (including construction) with a value greater than \$150 000. The number of submissions (including CPO approvals over \$150 000 and professional services engagements of any value) processed at the end of 2019–20 was significantly greater (150 per cent increase) than the previous year. DELWP has set up a Strategic Sourcing team to lead all procurement greater than \$3 million, allowing for prioritising of planned sourcing events, allocation of appropriate resources and a managed and more effective distribution of submissions to the CPO in 2020–21. Establishing a category management function within the Central Procurement Team has also provided greater oversight and ability to manage spend against DELWP's three main categories, and this will continue to mature over the next financial year.</p>				
Increase in procurement capability	16	11.6	6.3	
<p>Procurement capability increased from 96 to 102 out of 150. Procurement activities now have greater strategic direction with procurement objectives and performance targets built in. Senior management have shifted their view of procurement from an important function to a core function of the department. A total of 123 staff attended formal procurement and contract management training courses during the year. In addition, 74 staff took the introduction to procurement eLearning module.</p>				
Supplier satisfaction assessment	Successful satisfied	83	90	60
	Unsuccessful satisfied	42	36	32
<p>Overall satisfaction declined in 2019–20. These results reinforce the requirement for supplier feedback to be provided to unsuccessful suppliers. Areas where DELWP scored lower than the average for all organisations include levels of satisfaction with the invitation to supply documents and submission process and all aspects of the evaluation process. Higher scoring areas include satisfaction with the feedback process, contract management, all areas of the procurement process and the helpfulness and quality of feedback among successful suppliers.</p>				
Planned procurement activity as a % of actual procurement activity	28.6	17.8	71.7	
<p>DELWP publishes a procurement activity plan for all planned procurement greater than \$500 000, which is reviewed every six months. In 2019–20, 46 goods and services procurements were conducted at this value, including four procurements from SPCs. Thirty-three of these were published in the procurement activity plan. The 13 remaining procurements were not included as they were either not captured by the business or were unplanned at the start of the year due to policy and budget issues.</p>				

Department of Health and Human Services

The Department of Health and Human Services (DHHS) is responsible for developing and delivering policies, programs and services that support the health, wellbeing and safety of all Victorians.

PROCUREMENT PROFILE IN 2019–20

75

one-off supply contract approvals valued at \$54.4 million*

71

critical incident contract approvals valued at \$50.4 million*

1

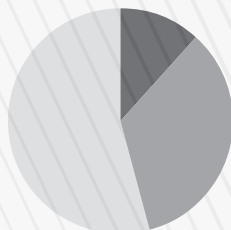
SEPC approval valued at \$3.5 million*

Top categories of contract approvals

- Specialist providers
- IT systems, software and support
- Training
- Medical supplies

Predominantly strategic complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



Highlights

- Procurement officers took on substantial work to help deliver the Government’s response to COVID-19.
- Procurement was involved in establishing 447 contracts and received no complaints during the year.
- The Procurement Branch used the new Office 365 tools to improve many functions and processes, including automating procurement support for low-value procurements, online forms and workflows systems.
- Procurement officers completed procurement fundamentals skillset training.
- DHHS continued to implement social procurement and completed the department’s Aboriginal Procurement Target Implementation Plan.

AO: Kym Peake, Secretary

CPO: Genine Wallinga, Director and Chief Procurement Officer, Procurement, Contract and Business Services

IPU Chair: Greg Stenton, Deputy Secretary, Corporate Services

Centre-led procurement function

* Contracts valued at \$100 000 or more.

PERFORMANCE

Most performance measure results increased in 2019–20, due to embedding DHHS' centre-led approach within department operations. The Procurement Branch has a strong commitment to continuous improvement which drives greater performance on all procurement functions, including the performance measures.

Table 28 sets out DHHS' performance in 2019–20, compared with the two previous years.

TABLE 28: DHHS PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	0.8	2.0	4.1	
DHHS has doubled its result from last year. The centralised procurement team has encouraged customers to engage with them in the early stages of their projects to get advice on sourcing and where to look for savings.				
Managed spend	n/a	n/a	93.0	
The result of 93 per cent is considered a good outcome. The department has strong processes and systems in place to ensure the significant majority of spend is managed in some manner by the central procurement function.				
Increase in procurement capability	2.7	-4.0	2.8	
Procurement capability increased from 144 to 148 (out of 150). DHHS made a big effort to embed new and updated policies like the Social Procurement Framework across the department. All procurement officers completed a procurement fundamental skillset training.				
Supplier satisfaction assessment	Successful satisfied	78	74	83
	Unsuccessful satisfied	38	73	38
DHHS sent the survey to all bidders/suppliers at the end of the procurement process and achieved a 16 per cent response rate – six per cent higher than their target response rate. Unsuccessful suppliers were less satisfied than last year. The lowest ratings related to helpfulness of feedback and lack of opportunity to provide feedback about the process. DHHS offers debriefings to unsuccessful suppliers, but without much uptake. The department will look at ways to improve both the quality of debriefs and uptake from suppliers. This should help unsuccessful suppliers understand the process followed, the rationale for the decision made and improvement opportunities for future bids.				
Planned procurement activity as a % of actual procurement activity	9.3	11.6	22.4	
The procurement team's efforts to improve relationships with customers across the business has led to a year-on-year increase in this performance measure. Procurement Services continues to refine procurement planning, particularly encouraging business owners to identify procurement jobs well in advance.				

Department of Jobs, Precincts and Regions

The Department of Jobs, Precincts and Regions (DJPR) is firmly focused on growing Victoria's economy and ensuring it benefits all Victorians – by creating more jobs for more people, building thriving places and regions, and supporting inclusive communities.

DJPR was established on 1 January 2019 and is expected to achieve VGPB accreditation by December 2020.

PROCUREMENT PROFILE IN 2019–20

158

one-off supply contract approvals valued at \$84.8 million*

33

critical incident contract approvals valued at \$116.8 million†

Top categories of spend

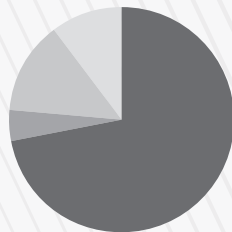
- Professional services
- IT and telecoms
- Staffing services
- Utilities, property and land
- Agriculture and marine

Highlights

- Conducted a procurement model review to ensure the recommended model maximises return on investment from procurement activities and aligns with organisational priorities such as social procurement and Local Jobs First.
- Delivered face-to-face knowledge sharing sessions to internal procurement stakeholders.
- Created a dedicated procurement intranet portal.
- Updated online procurement evaluation training to reflect current policies and best practice.
- Launched DJPR's social procurement strategy.

Mostly transactional procurement profile

- Transactional
- Focused
- Leveraged
- Strategic



Centre-led procurement function

AO: Simon Phemister, Secretary

CPO: Jessica Lambous, Executive Director, Investment and Procurement, Corporate Services Group

IPU Chair: TBC

* Contracts valued at \$100 000 or more.

† Contract value excludes contracts where value is still to be finalised.

PERFORMANCE

DJPR has improved its procurement capability and is continuing to work towards VGPB accreditation. Procurement in 2019–20 was largely influenced by the procurement activities relating to response and recovery efforts for critical incidents.

Table 29 sets out DJPR's performance in 2019–20. DJPR was established on 1 January 2019 so no previous performance data is available.

TABLE 29: DJPR PERFORMANCE IN 2019–20

Performance measure	2019–20 (%)
Value created from department procurement activity	–
DJPR operates a decentralised procurement model with mandatory requirements to demonstrate value for money. However, the model does not currently capture monetary value from procurement activity. DJPR is considering initiatives to increase visibility of cost saving achievements across the department.	
Managed spend	8.2
DJPR has introduced a monthly PowerBI dashboard for senior stakeholders to increase visibility of procurement expenditure across the department.	
Increase in procurement capability	10.6
Procurement capability increased from 104 to 115 out of 150, following increased training for buyers, creation of a dedicated procurement intranet page and increased use of DJPR's online procurement community of practice.	
Supplier satisfaction assessment	Successful satisfied 86
	Unsuccessful satisfied 57
Suppliers were generally satisfied with DJPR's procurement process.	
Planned procurement activity as a % of actual procurement activity	38.5
DJPR's planned procurement was significantly impacted by procurement activities relating to response and recovery efforts for critical incidents.	

Department of Justice and Community Safety

The Department of Justice and Community Safety (DJCS) leads the delivery of justice and community safety services in Victoria by providing policy and organisational management. Its extensive service delivery responsibilities range from managing the state's prison system to providing consumer protection and enforcing court warrants.

PROCUREMENT PROFILE IN 2019–20

82

**one-off supply contract
valued at \$403.3 million***

95

**critical incident contract
approvals valued at \$38.6 million***

1

**SEPC approval valued at
\$181,600***

Top categories of contract approvals

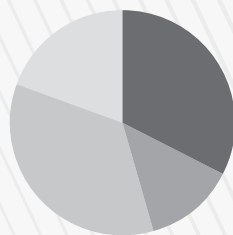
- Outsourced services
- Prisoner services
- Food services
- Forensic services

Highlights

- Set up a pilot for category management of IT services.
- Implemented a data analysis tool to support the new category management structure.
- Started a procure-to-pay project to make it easier to make simple purchases for procurement activities under \$250 000.
- Upgraded Zycus and completed a simplification project, including DocuSign for electronic signing of contracts.
- Exceeded 1 per cent target for Aboriginal procurement.

Focused and transactional complexity profile

- Transactional
- Focused
- Leveraged
- Strategic



Centralised procurement model

AO: Rebecca Falkingham, Secretary

CPO: Thomai Veginis, CPO, Procurement Services

IPU Chair: Andrew Minack, Deputy Secretary, Corporate Governance and Support

* Contracts valued at \$100 000 or more.

PERFORMANCE

DJCS underwent more restructuring in 2019–20, appointing a new CPO and bringing more staff from other business areas into Procurement Services. DJCS is moving towards a category-based procurement model, with more contracts now being managed by the Central Procurement Team.

Table 30 sets out DJCS's performance in 2019–20, compared with the two previous years.

TABLE 30: DJCS PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	0.4	17.3	10.0	
DJCS continues to capture savings through procurement process reports. The decrease this year relates to the drop in the number and size of procurements compared to 2018–19.				
Managed spend	n/a	n/a	–	
DJCS could not provide data for this metric. DJCS is implementing a new system which will help provide this data in future.				
Increase in procurement capability	–3.3	–24.6	–20.7	
Procurement capability fell from 116 to 92 out of 150. In 2019–20, DJCS went through a large organisational change and is progressing towards a category structure. The department is developing its capability and there is a program aimed at improving overall skills. Procurement activities also pivoted to cater for the state of emergency.				
The department made several capability improvements in 2019–20, including upgrading and refreshing the Zycus contract management system, bringing more procurement staff under Procurement Services, staff training and successfully transitioning to remote working. The department will continue to work towards improving capability.				
Supplier satisfaction assessment	Successful satisfied	73	100	69
	Unsuccessful satisfied	40	0	33
Suppliers were satisfied with effective communication, and the overall invitation to supply and submission process. Most participants were satisfied with the feedback process, particularly in relation to timeliness and quality of feedback. Reasons for dissatisfaction most commonly related to timeliness, communication and a perception that the process was not conducted with integrity.				
Supplier satisfaction could be improved by completing the evaluation process within acceptable and agreed timeframes where possible, and keeping suppliers informed throughout the process. Procurement Services is reviewing survey results and implementing strategies to improve clarity of information in invitation to supply documents and the evaluation by conducting tailored supplier briefings.				
Planned procurement activity as a % of actual procurement activity	22.0	24.0	24.9	
DJCS is implementing a new software system which will be used as the department's procurement planning tool and will improve capture of this information.				

Department of Premier and Cabinet

The Department of Premier and Cabinet (DPC) leads the public service in delivering the government’s agenda and works across the public service to promote the public interest and create public value. DPC does this by delivering on the public service mandate to uphold integrity, act with purpose and remain uncompromising in the provision of robust, high-quality advice and service delivery.

DPC leads the information and communications technology (ICT) state purchase contract (SPC) arrangements for ICT goods and services used across government. Contracts include software applications and licensing, hardware, telecommunications, and eServices and IT infrastructure registers.

A new agency, Bushfire Recovery Victoria, was set up under DPC during the year.

PROCUREMENT PROFILE IN 2019–20

64

one-off supply contract approvals valued at \$35.1 million*

47

critical incident contract approvals valued at \$24.9 million*

5

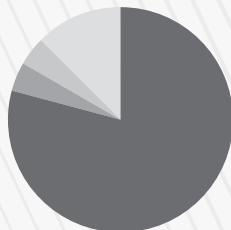
SPC approvals valued at \$230.5 million*

Top categories of contract approval

- Professional advisory services
- Labour contractor services
- Software licensing
- IT hardware

Mostly transactional complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



Highlights

- Updated procurement policies and guides and implemented a process for a central depository for storing procurement documents.
- Implemented data capture tools to report on spending with social enterprises, all procurement activity and customer relationship management.
- Increased focus on compliance and quality assurance reviews with market invitations, leading to DPC’s best supplier satisfaction scores to date.
- Increased capability through group and individual training, partnering with business areas on complex procurements, simplifying forms and templates and updating procurement information on the DPC intranet.

AO: Chris Eccles, Secretary

CPO: Kylie Callander, CPO, Corporate Services

IPU Chair: Andrew Campbell, Executive Director, Corporate Services; Governance, Policy and Coordination

Decentralised procurement function

* Contracts valued at \$100 000 or more.

PERFORMANCE

In 2019–20, DPC procurement improved across all performance measures after a strong focus on improving governance by addressing VGPB audit recommendations and updating policies and guidelines. DPC worked on improving procurement processes and making it easier for staff to follow them. The procurement team committed to providing the department with consistent, quality procurement advice and partnering with business areas on complex procurements, all of which contributed to improved capability across DPC.

Table 31 sets out DPC's performance in 2019–20, compared with the two previous years.

TABLE 31: DPC PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	6.6	0.3	1.9	
Current systems make tracking savings challenging to report. DPC anticipates transitioning to a new procurement application in 2021–22 that will improve savings reporting, cost avoidance and benefits tracking.				
Managed spend	n/a	n/a	29.3	
This new measure was challenging due to data reporting gaps in the finance system, however new reporting capability is expected to be available in 2020–21.				
Increase in procurement capability	17.6	10.0	14.1	
Procurement capability increased from 85 to 97 (out of 150). This increase came from implementing DPC's VGPB audit recommendations including targeted training on probity, centralised recordkeeping and contract management, refined procurement processes and better communication of processes to staff, and ad hoc partnering with business units in response to common procurement information requests.				
Supplier satisfaction assessment	Successful satisfied	78	84	100
	Unsuccessful satisfied	25	66	75
DPC has implemented a survey platform and process to enable live surveys to be sent out directly after the end of the procurement process. Supplier satisfaction has increased after acting on feedback from previous surveys including educating staff on the procurement market approach and more thorough review of invitation to supply documentation by the Corporate Procurement Team.				
Planned procurement activity as a % of actual procurement activity	48.4	30.1	50.0	
DPC has increased communication with business units to capture better quality forward planning. It also introduced a dedicated Corporate Procurement Team resource to proactively monitor and maintain activity plans.				
This performance measure was affected by the need to respond to bushfires and COVID-19 as business strategies changed and several planned procurements were cancelled.				

Department of Transport

The Department of Transport (DoT) plans, builds and operates an integrated, sustainable and safe transport system for Australia’s fastest-growing state.

VicRoads and Public Transport Victoria (PTV) transitioned into DoT from 1 July 2019.

One of DoT’s key programs of work is the Major Transport Infrastructure Agency (MTIA), delivered through the Office of the Director-General. MTIA is responsible for the Government’s ‘big build’ transport construction program across five key projects: North East Link Project, Level Crossing Removal Project, Westgate Tunnel Project, Major Road Projects Victoria and Rail Projects Victoria. MTIA has a dedicated CPO.

PROCUREMENT PROFILE IN 2019–20

218

one-off supply contracts approval valued at \$191.9 million*

2

critical incident contract approvals valued at \$2.3 million

Top categories of contract approvals

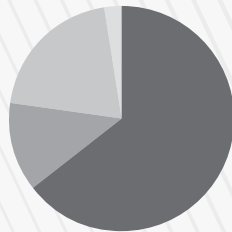
- Professional services
- Rolling stock
- Franchise services
- ICT services
- Human resources

Highlights

- After merging DoT, VicRoads and PTV, the Procurement Branch worked with stakeholders to develop an integrated procurement framework, which has since been approved by DoT’s executive board.
- Implemented procurement and contract management training modules.
- Engaged several Aboriginal enterprises offering labour-hire services for construction, achieving both social procurement and workforce outcomes.
- Rolled out a central reporting tool to improve social procurement and Local Jobs First reporting.
- Began introducing a single source-to-contract tool to manage the end-to-end procurement process across DoT, VicRoads and PTV.

Mainly transactional complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



Centre-led procurement function

DoT

AO: Paul Younis, Secretary

CPO: Lisa Williams, CPO

IPU Chair: Janine Haddow, Procurement Advisory Committee Chair

MTIA

AO: Corey Hannett, Director-General

CPO: Juliana Tiong, CPO

IPU Chair: Arthur Apted, Procurement Oversight Committee Chair

* Contracts valued at \$100 000 or more.

PERFORMANCE

Overall, DoT performed relatively well given the big machinery of government changes in 2019. The department's new integrated procurement framework and upcoming implementation of a single source-to contract tool (Zycus) will enable the Procurement Branch to build capability, apply controls and use automation to reduce the risk of errors.

Table 32 sets out DoT's performance in 2019–20. Given the changes to DoT's procurement profile in 2019, it is not possible to make a meaningful comparison with previous years.

TABLE 32: DOT PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	5.3	4.8	2.2	
The Procurement Branch increased its involvement with commercial decisions and negotiations, which is building procurement confidence and capability across the business.				
Managed spend	n/a	n/a	79.8	
Savings have not been well tracked across the department. Introducing Zycus will help with tracking and managing savings.				
Increase in procurement capability	3.0	5.8	18.7	
Procurement capability increased from 116 to 138 out of 150 – an 18.7 per cent increase from last year – which is a significant uplift in capability. The department is rolling out a suite of new procurement, probity and procurement legal training across the business and internally in the Procurement Branch. Procurement training will become a mandatory part of the onboarding process for new employees.				
Supplier satisfaction assessment	Successful satisfied	71	96	69
	Unsuccessful satisfied	45	24	26
The department had a 14 per cent response rate. The decrease in successful supplier satisfaction may be related to the machinery of government changes and a disparity in the quality of supplier engagement across the organisation. DoT implemented its integrated procurement framework in February 2020 and has since improved communication with suppliers and facilitated more industry briefings and tender debriefs, which should increase supplier satisfaction in 2020–21.				
Planned procurement activity as a % of actual procurement activity	40.0	66.7	10.5	
Although DoT, VicRoads and PTV each had a separate forward procurement plan in 2019–20, the department was still working on a joint plan for 2020–21. Now that the three organisations have merged their procurement functions, the Procurement Branch will be able to facilitate better planning with business units to develop a more rigorous forward activity plan focused on business needs and expiring contracts.				

Department of Treasury and Finance

The Department of Treasury and Finance (DTF) provides economic, financial and resource management advice to help the government deliver its policies. DTF's procurement profile focuses largely on professional services to support these functions and is primarily transactional.

DTF is the lead agency for most non-ICT SPCs through its Strategic Sourcing Group.

Invest Victoria transitioned into DTF as a result of machinery of government changes on 1 January 2019. DTF began overseeing its procurement from 1 July 2019.

PROCUREMENT PROFILE IN 2019–20

25

one-off supply contract approvals valued at \$6.2 million*

1

SPC approval valued at \$65.0 million*

Top categories of contract approval

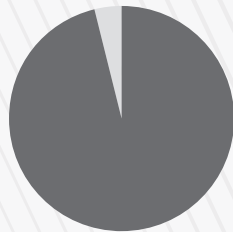
- Professional advisory services
- eServices
- Oracle systems
- Staffing services
- Print management and associated services

Highlights

- Implemented the Oracle Cloud finance system, which has improved reporting and strengthened oversight of procurement process and spend.
- Released updated contract management guidance to the department.
- Increased both successful and unsuccessful supplier satisfaction with results of 100 per cent and 55 per cent respectively.
- Continued to focus on increasing engagement of social benefit suppliers.
- Drove new and refreshed opportunities for SPCs such as banking and financial services and fuel and associated products.

Transactional complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



Decentralised procurement function

AO: David Martine, Secretary

CPO: Steven Harris, CPO, Strategic Sourcing Group, Corporate and Government Services Division

IPU Chair: Andrew Witchard, Executive Director, Revenue Group, Economic Division

* Contracts valued at \$100 000 or more.

PERFORMANCE

DTF has maintained a focus on strong procurement process and controls this year while adapting to working from home. DTF continued to create value from its procurement activity, and managed well the vast majority of its spend by volume. DTF continues to build its overall capability and suppliers expressed satisfaction with DTF's processes. Planned procurement is increasing as a proportion of total procurement which adds to the controls in place and transparency of the department's annual activity.

Table 33 sets out DTF's performance in 2019–20, compared with the two previous years.

TABLE 33: DTF PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	24.3	37.2	11.9	
Value created was lower this year due to fewer significant (non-SPC) procurements, but still shows that DTF achieved value by driving competitive processes.				
Managed spend	n/a	n/a	97.6	
DTF's procurement function reviews or carries out the majority of the department's goods and services procurement.				
Increase in procurement capability	-4.3	6.0	3.4	
Capability increased from 117 to 121 out of 150. DTF worked to support the transfer of Invest Victoria into DTF's procurement responsibilities. DTF recognises that its capability is in line with its procurement profile with room for continuous improvement.				
Supplier satisfaction assessment	Successful satisfied	91	90	100
	Unsuccessful satisfied	36	46	55
Improvements are attributable to an increased focus on providing useful feedback to suppliers.				
Planned procurement activity as a % of actual procurement activity	47.2	56.5	59.1	
DTF actively works with procuring teams to plan in advance and the rate of planned procurement activity is broadly consistent with previous years.				

Cenitex

Cenitex is an information and communications technology (ICT) shared services agency, providing integrated and reliable ICT infrastructure, application hosting and desktop services for Victorian Government departments and agencies.

PROCUREMENT PROFILE IN 2019–20

16

one-off supply contract approvals valued at \$28.5 million*

4

critical incident contract approvals valued at \$0.4 million

3

SEPC approvals valued at \$3.7 million

Top categories of contract approvals

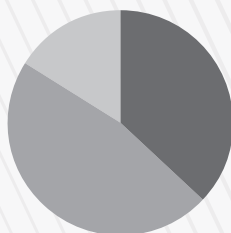
- Software
- Server/storage equipment and services
- Project and professional services
- Accommodation services

Highlights

- Implemented a source-to-award system to enable authorised business unit representatives to carry out some self-service purchasing.
- Started delivering a program of works to improve IT security across government.
- Uplifted the capacity and support of several ICT contract to meet the Government's work-from-home requirements.
- Finalised its first social procurement strategy.

Mostly transactional and leveraged procurement profile

- Transactional
- Leveraged
- Focused
- Strategic



Centre-led team of procurement experts

AO: Frances Cawthra, Chief Executive Officer

CPO: Tim Jones, General Manager Procurement, Finance and Business Services

IPU Chair: Sharon Copeland-Smith, Executive Director, Strategy and Governance

* Contracts valued at \$100 000 or more.

Note: Cenitex transitioned to the VGPB on 1 July 2017, so began measuring its increase in procurement capability from 2018–19.

PERFORMANCE

Cenitex improved across all performance measures in 2019–20. Cenitex focused on continuing improvements in benefits management, engaging with stakeholders as a business partner rather than a transactional provider, and improved forward planning. Cenitex also strengthened governance after going through its first VGPB audit.

Table 34 sets out Cenitex's performance in 2019–20 compared with the two previous years. Cenitex transitioned to the VGPB on 1 July 2017, so only began measuring its increase in procurement capability from 2018–19.

TABLE 34: CENITEX PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	6.9	7.5	10.8	
<p>In 2018–19, Cenitex revised its benefits register processes and in 2019–20, it renewed its focus on benefits realisation by building it into every contract renewal through its category team, and using dashboards to identify contract consolidation and substitution opportunities.</p> <p>Cenitex had several high-value, long-term contracts renewed or returned to market this year, which contributed to a higher value of cost savings. However, total organisational spend was lower than last year which shows that Cenitex is creating value where it matters.</p>				
Managed spend	n/a	n/a	100	
<p>Cenitex has a 'no purchase order, no pay' policy which ensures all goods and services spend receives procurement oversight. As Cenitex grows its self-service functions for stakeholders, it will monitor to check that spend does not occur outside of the procurement governance process.</p>				
Increase in procurement capability	n/a	2.7	8.6	
<p>Procurement capability increased from 116 to 126 out of 150. Improvements to governance and planning have greatly improved capability across the organisation, as well as the implementation of some catalogue purchasing allowing stakeholders to access self-service purchasing. Cenitex will now focus on market approach, from pre-market through to contract management, to look at improvements to processes, templates and systems.</p>				
Supplier satisfaction assessment	Successful satisfied	100	100	67
	Unsuccessful satisfied	33	50	40
<p>Cenitex increased its survey response rate from 8 to 24 per cent. The larger response range most likely accounts for the drop in satisfaction, as last year's results were based on only five suppliers, compared to 29 this year. Cenitex scored well on supply documentation and submission, clarity of information and evaluation criteria, professional nature and easy to engage with, and openness and responsive to questions. Negative responses related mostly to communication and timeliness. The team has just implemented a source-to-award tool to improve management of procurement activity. Cenitex is also documenting more processes specifically related to the sourcing process and updating all templates to improve communication and timeliness.</p>				
Planned procurement activity as a % of actual procurement activity	18.0	22.2	35.7	
<p>Cenitex put considerable effort into forward planning in 2019–20, including detailed interviews with a broad section of its stakeholder base.</p>				

Victoria Police

Victoria Police is the primary law enforcement agency of Victoria, Australia. It was formed in 1853 and operates under the *Victoria Police Act 2013*. It provides policing services to the Victorian community 24 hours a day, seven days a week, working to keep all Victorians safe.

PROCUREMENT PROFILE IN 2019–20

24

one-off supply contract approvals valued at \$28.8 million*

24

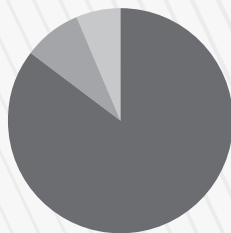
SEPC approvals valued at \$76.3 million*

Top categories of contract approvals

- Forensics
- Corporate support
- Uniform and equipment
- IT and communications

Transactional complexity profile

- Transactional
- Leveraged
- Focused
- Strategic



36

critical incident contract approvals valued at \$18.1 million*

Highlights

- Piloted an online procurement tool and used DocuSign for electronic approvals and workflow management.
- Successfully renewed Victoria Police’s Chartered Institute of Purchasing and Supply (CIPS) procurement accreditation and was awarded CIPS Procurement Excellence Standard Award certification.

Primarily centre-led procurement function

AO: Shane Patton, Chief Commissioner of Police

CPO: Kirsten McFall, Director Procurement and CPO, Procurement Division

IPU Chair: Chris O’Farrell, Executive and Chair of the Police Procurement Board, Director, Infrastructure Business Services

* Procurement profile based on contracts valued at \$100 000 or more in total commercial value.

PERFORMANCE

Table 35 sets out Victoria Police's performance in 2019–20 compared with the two previous years.

TABLE 35: VICTORIA POLICE PERFORMANCE IN 2019–20

Performance measure	2017–18	2018–19	2019–20	
	(%)			
Value created from department procurement activity	5.4	5.0	4.3	
The Procurement Division continues to ensure procurement practitioners look for savings as part of the procurement process. At the end of the procurement process, practitioners report on the value and type of savings achieved in a central database.				
Managed spend	n/a	n/a	86.1	
Victoria Police's total spend excluding activities under the Project Development Construction Management Act and non-procurement categories (such as wages, GST payments, etc.) was reported at \$824 million incl. GST, including spend under \$100 000. Victoria Police has defined non-managed spend as spend not under contract. Examining non-contract spend and then taking out a major contract which should be under contract (VicFleet), non-managed spend is \$114 million incl. GST, including under \$100 000 spend. Subtracting this from the total spend leaves \$710 million as managed spend.				
Increase in procurement capability	-5.1	3.6	-10.4	
Procurement capability dropped from 115 to 103 (out of 150), which is a 10.4 per cent decrease in capability. Victoria Police appointed a new CPO during the year which led to a reassessment of the questions used to determine capability and opportunities found to allow for growth in process and policy. Recent CIPS re-accreditation and work involved to re-examine process and policy documents also provided an opportunity to re-evaluate how the questions are interpreted and responded to. Lastly, the loss of key staff without the opportunity to backfill due to Financial Sustainability restrictions has also diminished capacity and capability.				
Supplier satisfaction assessment	Successful satisfied	82	86	93
	Unsuccessful satisfied	0	20	33
Reasons for satisfaction primarily related to clarity of information/evaluation criteria, the process being simple/straightforward and effective communication. Reasons for dissatisfaction most commonly related to timeliness of the process, the burden of submission requirements and clarity/timeliness of feedback.				
Planned procurement activity as a % of actual procurement activity	74.2	65.8	82.6	
Annual procurement planning continues and overall works well. Capturing government-funded projects that are announced after the planning process has concluded will continue to pose a challenge to this metric.				

APPENDIX

SEPC data

Table 36 details the SEPCs approved in 2019–20.

TABLE 36: BREAKDOWN OF SEPCS APPROVED IN 2019–20

Organisation	Title/description	Total estimated value (\$M)	Contract term (years)	Option(s) to extend (years)	Complexity assessment outcome	Market approach method	Type of arrangement	No. of suppliers
Cenitex	Cenitex catering panel	\$0.2	3	0	Transactional	RFQ	Closed	4
	Cenitex coaching panel	\$0.7	3	0	Transactional	RFQ	Closed	4
	VMware	\$2.8	3	0	Leveraged	RFQ	Closed	1
DELWP	Upskill executive leadership group to support employees affected by COVID-19	\$0.1	0.75	0	Transactional	RFQ	Closed	1
	Testing and tagging cache containers	\$0.1	2	0	Transactional	RFQ	Closed	3
	Fusee matches for planned and back-burning activities	\$0.1	1	0	Transactional	RFQ	Closed	1
	Nally pallet bins and lids for storing and transporting camping kits and other equipment	\$0.1	1	0	Transactional	RFQ	Closed	1
	Sanitising items for DELWP staff due to COVID-19	\$0.1	0.67	0	Transactional	RFQ	Closed	1
	Electrolyte sachets for fire and field personnel	\$0.1	1	0	Transactional	RFQ	Closed	1
	Forest Protection Survey Program panel	\$0.2	2	0	Focused	RFT	Closed	1
	Environment and Community Programs evaluation	\$0.2	0.67	0	Transactional	RFT	Closed	1
	Aerial incendiary capsules	\$0.4	3	2x1	Focused	RFQ	Closed	1
	Electrolyte drink	\$0.4	1	2x1	Transactional	RFQ	Closed	1
	Tents	\$0.5	2	2x1	Transactional	RFT	Closed	1
	Snack and ration packs	\$0.5	2	2x1	Transactional	RFT	Closed	1
	Panel of independent water recovery auditors and reviewers	\$1.6	6	2x1	Transactional	RFT	Closed	6
	Cutting equipment	\$3.6	3	2x1	Transactional	RFT	Closed	1
	Safety and wellbeing learning and development panel	\$7.0	3	2x2	Transactional	RFT	Closed	10

Organisation	Title/description	Total estimated value (\$M)	Contract term (years)	Option(s) to extend (years)	Complexity assessment outcome	Market approach method	Type of arrangement	No. of suppliers
DHHS	Panel of independent investigators for allegations of physical or sexual abuse of children by carers	\$3.5	3	2	Strategic	RFT	Closed	4
DJCS	Training and assessment services in TAE16	\$0.2	2	2	Leveraged	RFQ	Closed	2
Victoria Police	Executive mentoring and coaching	\$0.2	0.5	1	Transactional	RFQ	Closed	1
	Facilitation of people leadership program	\$0.2	0.6	0.6	Transactional	RFQ	Closed	1
	Cold weather clothing – thermal beanies	\$0.3	1	1	Transactional	RFQ	Closed	1
	Non-alcoholic drinks at the Academy and Airlie Leadership Centre for retail sale and for corporate events	\$0.4	3	2	Transactional	RFQ	Closed	2
	Supply of coffee, hot drinks and coffee-making equipment at the Academy and Airlie	\$0.5	2	2	Transactional	RFQ	Closed	1
	Leadership capability uplift – workplace integrated learning panel	\$0.6	2	1	Transactional	RFQ	Closed	9
	Operational and training ammunition	\$0.7	3	2	Focused	RFQ	Closed	1
	Supply of fresh sandwiches to the Academy and Airlie	\$0.9	2	2	Transactional	RFQ	Closed	1
	Enterprise security management system	\$0.9	0.6	0	Transactional	RFT	Closed	2
	Dress shoes	\$1.4	3	2	Transactional	RFT	Closed	1
	Hand-held drug analysing devices (TruNarc)	\$1.5	3	2	Transactional	RFQ	Closed	1
	Toxicology and laboratory services	\$1.6	3	2	Transactional	RFT	Closed	1
	Recycling and waste management services	\$2.0	3	2	Transactional	RFQ	Closed	1
	Semi-automatic rifles and ancillary equipment	\$2.3	0.3	0	Transactional	RFT	Closed	1
	DNA kits (mouth and blood)	\$2.3	3	2	Transactional	RFT	Closed	1
	National survey of community satisfaction with policing	\$2.4	3	2	Transactional	RFT	Closed	1
	Investigative, review of actions (grievances) and HR services panel	\$2.5	3	2	Transactional	RFT	Closed	29
	Interim supply of office shirts	\$3.3	1	1	Transactional	RFQ	Closed	1
	7TS holsters and accessories	\$4.2	5	2	Focused	RFQ	Closed	1
	Internal audit	\$5.4	2	3	Transactional	RFT	Closed	1
Operational, training and tactical ammunition	\$9.0	3	2	Leveraged	RFT	Closed	1	
Office furniture panel	\$9.5	2	3	Transactional	RFT	Closed	6	
DNA profiling, equipment and instrument maintenance – POR 2	\$11.1	5	0	Leveraged	RFQ	Closed	1	
DNA profiling, equipment and instrument maintenance – POR 1	\$13.3	5	0	Leveraged	RFQ	Closed	4	
Total		\$98.8						

Acronyms

AO	Accountable officer	GST	Goods and services tax
ASR	Annual supply report	ICT	Information and communications technology
CIPS	Chartered Institute of Purchasing and Supply	IPU	Internal procurement unit
CPO	Chief procurement officer	IT	Information technology
DELWP	Department of Environment, Land, Water and Planning	MTIA	Major Transport Infrastructure Authority
DET	Department of Education and Training	PPE	Personal protective equipment
DHHS	Department of Health and Human Services	RFQ	Request for quotation
DJCS	Department of Justice and Community Safety	RFT	Request for tender
DJPR	Department of Jobs, Precincts and Regions	SEPC	Sole entity purchase contract
DPC	Department of Premier and Cabinet	SPC	State purchase contract
DoT	Department of Transport	VGPB	Victorian Government Purchasing Board
DTF	Department of Treasury and Finance	WoVG	Whole of Victorian Government

For a full glossary of terms, refer to buyingfor.vic.gov.au/glossary-goods-and-services

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