

*Achieving excellence in  
government procurement*

Victorian Government Purchasing Board



**VGPB**  
ANNUAL REPORT  
2020/21



# 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.**

This annual report summarises the work we've done to meet our legislative obligations and achieve our vision over the past financial year from 1 July 2020 to 30 June 2021.

This report is required under section 54M of the *Financial Management Act 1994* (the FMA) and is available from [buyingfor.vic.gov.au/annual-reports](https://buyingfor.vic.gov.au/annual-reports) in PDF and accessible online format.

## Reporting on departments and specified entities

We report on the procurement activity, compliance and performance of the departments and specified entities mandated to comply with VGPB policies under the FMA. Use of the term 'organisation' in this report, refers to the following:

- Department of Education and Training (DET)
- Department of Environment, Land, Water and Planning (DELWP)
- Department of Health/Department of Families, Fairness and Housing (DH/DFFH)
- Department of Jobs, Precincts and Regions (DJPR)
- Department of Justice and Community Safety (DJCS)
- Department of Premier and Cabinet (DPC)
- Department of Transport (DoT)
- Department of Treasury and Finance (DTF)
- Cenitex
- Major Transport Infrastructure Authority (MTIA)
- Victoria Police

## ACKNOWLEDGMENT

The VGPB acknowledges all Aboriginal and Torres Strait Islander people, Traditional Owners and custodians of the land on which we work and live as Australia's first peoples, including their deep and spiritual connection to the land. The fabric of Australia is strengthened and enriched with Aboriginal people's varied customs and cultures.

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# Message from the Chair



The 2020–21 year was an extraordinary one for government procurement and for the Victorian Government Purchasing Board (VGPB). Departments and agencies were required to move quickly and respond

to a rapidly changing environment, deliver services in response to the COVID-19 pandemic and operate seamlessly during extended periods with movement restrictions. Many departments and agencies were then required to prepare for, and implement, transformative programs to stimulate economic and social recovery.

Despite these challenges, the VGPB continued to advance the Victorian Government's procurement reform agenda. A key milestone in this reform program was the expansion of the VGPB's policy framework to cover an additional 125 agencies from 1 July 2021. This reform will establish consistent processes across government agencies, allow these agencies to achieve greater value-for-money outcomes and provide government with greater oversight of its spending.

Another key milestone in 2020–21 was the establishment of procurement data collection and analytics capability within the Department of Treasury and Finance (DTF). This capability is critical to enable better data-driven procurement decision-making and promote more streamlined processes for buyers and suppliers.

## Board renewal

Board renewal remains important, with the focus during the year on maintaining an appropriate balance between experience and fresh perspectives.

Antoinette Brandi retired as Chair in October 2020. I wish to thank Antoinette for her contributions and commitment to the VGPB throughout her five-year tenure. Antoinette led the VGPB through a period of substantial change, culminating in the Government's decision to implement the expansion reform agenda.

In October 2020, Timothy Lyons retired after five years and in June 2021, Russell Yardley retired after nine years with the VGPB. I take this opportunity to thank both Tim and Russell for their significant contributions to government procurement activities during their time with the Board.

We also welcomed two new members during the year being Samantha Winter and Raoul Wainwright.

Samantha and Raoul bring considerable experience to the Board and I look forward to working with them in this next phase of the VGPB's development.

## Strategic priorities

In 2020–21, the Board revised its strategic priorities in consultation with the departmental chief procurement officers. The four new priorities agreed by the Board encompass the ongoing programs of work to successfully expand the VGPB policy framework to the additional 125 agencies, and continue to grow the data collection and analytics capability within DTF.

The priorities also include new focus areas to build the recognition of procurement as a strategic lever to achieve government objectives, and to streamline and simplify the procurement framework to create better quality procurement outcomes.

The four strategic priorities and related activities this past year are covered under *VGPB activities in 2020–21*.

## Stakeholder engagement

On behalf of the Board, I would like to sincerely thank the Procurement Policy and Reform team in DTF for their continued hard work and support. The team worked diligently during a challenging year to support the VGPB, and to develop and implement activities to support delivery of the strategic priorities.

We also appreciate our close working relationship with the chief procurement officers in the various government departments and agencies, as their input and expertise contributes greatly to the delivery by government of quality procurement practices.

With clear strategic priorities now in place, the focus for the coming years is to deliver action plans against these priorities, and to support the Victorian Government to become a buyer of choice. With an energised team and a clear focus, we look forward to achieving good procurement outcomes for Victoria in the year ahead.

**Nadine Lennie**  
Chair, Victorian Government Purchasing Board

# VGPB activities in 2020–21

In 2020–21, the VGPB held strategic planning sessions with departmental chief procurement officers (CPOs) to refine the Board’s strategic focus for the next few years. The result of these planning sessions was the development of four clear strategic priorities and a supporting action plan, which will guide the direction of the VGPB through to the end of 2023. Figure 1 sets out the four strategic priorities.

This section outlines the actions completed under each of these strategic priorities.

FIGURE 1: STRATEGIC PRIORITIES FOR 2021–23

## Vision

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

## Strategic Priorities 2021–23

**1**

Enhance procurement systems and data

**2**

Deliver the expansion program

**3**

Improve visibility and support for good procurement

**4**

Create fit-for-purpose procurement

Other activities under the *Financial Management Act 1994*

## Priority 1: Enhance procurement systems and data

Access to accurate and timely data is critical to driving good procurement outcomes and savings for government. Technology is also key to driving efficiencies in the procurement process and improving the supplier experience.

Under the oversight of the VGPB, DTF is leading two technology-related initiatives to improve procurement outcomes.

### Improve procurement data and analysis

A significant program of work is under way to improve the collection, aggregation, reporting and analysis of procurement data across government departments. This work will enable greater data-driven identification of savings opportunities for government.

Following a successful pilot in 2019–20, DTF has established a quarterly process to collect and classify accounts payable data from the nine departments, Victoria Police, the Major Transport Infrastructure Authority and Cenitex.

Work is continuing with the [Victorian Centre for Data Insights](#) in DPC to automate collection and classification and improve the accuracy of data classification to enable high-quality analysis.

A procurement data analytics function has now been set up to analyse the data collected from these organisations and build procurement data capability to identify saving opportunities and make more data-driven decisions.

State purchase contract (SPC) category managers now have access to regular data analytic reports including dashboards that help identify contract leakage. This data can be used to make SPCs more effective and identify procurement trends and patterns, leading to opportunities to leverage the buying power of government and implement new SPCs.

### Deliver a single supplier portal

A new online supplier portal is being developed to give suppliers a single, central point to register their business details for use across government departments and agencies.

Currently, suppliers register separately with every Victorian Government department and agency they do business with. The new portal will reduce this administrative burden, making it easier for suppliers to do business with government. Government will also benefit from a more effective mechanism to manage its supplier base.

A pilot was conducted in 2020–21 and will be deployed across all departments in 2021–22, after consulting with departments on the outcomes of the pilot.



**Quarterly data collection automated – about 1.8 million transactions a year classified for analysis**



**Data analytics function established**



**Supplier portal pilot near completion**



**Analytics dashboard for category managers built**



## CASE STUDY

### *New BusinessHub brings cloud solutions to procurement*

BusinessHub is the name given to the new finance systems supporting the modernisation of the Department of Environment, Land, Water and Planning's (DELWP's) finance function.

In November 2020, DELWP replaced its finance and procurement systems with new cloud-based solutions. This included Oracle which replaced DELWP's finance system and Zycus which replaced the old contracts register to become DELWP's first online procurement (source-to-contract) system. The rollout of Zycus is a two-stage process, with the iSupplier and iContract modules forming part of the initial rollout, and iSource scheduled to be rolled out by the end of 2021.

BusinessHub benefits include:

- user-friendly systems with access to real-time information to get the most important information quickly
- better quality procurement data and reporting to facilitate more informed decision-making
- streamlined processes and more automated workflows to save time and maintain compliance
- improved accessibility and availability of mobile applications
- regular system updates which improve functionality and keep the department up to date with the latest technology
- quicker action and resolution of issues using the system's collaborative tools
- improved compliance with whole of Victorian Government procurement requirements.

Image supplied by DELWP



**BusinessHub**



## Priority 2: Deliver the expansion program

A key part of the Victorian Government's reform agenda is expanding the remit of the VGPB to include agencies subject to the **Standing Directions** of the *Financial Management Act 1994*, such as TAFEs, water corporations and catchment management authorities.

An additional 125 agencies will be subject to VGPB supply policies from 1 July 2021 (Figure 2) with a transition period to enable compliance.

The broader application of VGPB policies is designed to embed consistent and simplified procurement processes and streamlined procurement governance arrangements across government. This will give greater oversight of government spending, **better value-for-money** outcomes and make it easier to do business with government.

Suppliers will also experience benefits such as:

- simpler and more consistent tender processes that will help small, medium and local businesses supply to government
- proactive market engagement to help identify new suppliers
- more information released sooner through forward activity plans
- standardised and simplified contracts presented in plain English
- timely and relevant feedback offered to all suppliers.

In 2020–21, we updated our goods and services policies to make it easier for agencies to scale the policies to suit their size. Compliance requirements are aligned to an organisation's procurement risk and complexity profile.

We also developed a communications and engagement plan to inform and support incoming agencies with their transition to VGPB supply policies and SPCs.

Incoming agencies can also make greater use of SPCs, with a two-year progressive transition period starting on 31 December 2021. SPCs are an important mechanism for government to achieve greater value for money and streamline delivery of outcomes, by aggregating demand, centralising due diligence processes and strong supplier relationship management.

Exemptions to an SPC are available where the agency is unable to obtain value for money under the SPC, or where a regional supplier can provide the same or better value.

FIGURE 2: EXPANDING THE VGPB'S REMIT







## CASE STUDY

### *Technology delivering greater efficiency in procurement*

The Department of Justice and Community Safety (DJCS) is ramping up their use of procurement technology, giving them more insight into procurement spend and activities and improving compliance.

The Robobai spend data classification tool enabled DJCS to restructure Procurement Services into a category management operating model. A deeper analysis of spend enables DJCS to make fact-based procurement decisions. The data is used to prepare detailed procurement category plans that identify opportunities for procurement savings, aggregating spend and incorporating important social objectives into procurement activities.

The Jira procurement portal was also refined during the year enabling staff to register and track procurement activities end-to-end and improve allocation of resources to strategic priorities and projects.

DJCS used Promapp to develop a series of interactive process workflows, which make it easier for staff to follow procurement rules and procedures. This improved compliance by helping staff understand their procurement options depending on what they are buying.

During COVID-19 restrictions, DocuSign was used more widely through the Zycus procurement system. This facilitated electronic signing of contracts by all parties on a secure platform. The result was increased efficiency and continuous delivery of DJCS' procurement activities.

Image supplied by DJCS



### Communication and engagement activities

In 2020–21, we began communication and engagement activities designed to help incoming agencies make their transition as easy as possible. This work will continue throughout 2021–22. It is important to support incoming agencies in their transition process and incorporate feedback loops into the activities via surveys and specific feedback engagements.

These feedback loops will be actively monitored by the Board and used to modify the support programs or change the approach as needed.

The VGPB began its first engagement activities with incoming agencies in June 2021. Workshops will continue until 2023 and cover a full spectrum of topics including understanding policy requirements, applying VGPB guidance, tools and templates and delivering good procurement outcomes. This will enable all expansion agencies to work through the transition process together, with opportunities to check-in during the lead-up to and following key implementation milestones.

The VGPB also began engaging with regional Chambers of Commerce to help suppliers understand the changes. Further support on how to supply to government is being planned with [Business Victoria](#).

“

It is important to support incoming agencies in their transition process and incorporate feedback loops into the activities via surveys and specific feedback engagements.

### Understanding the attestation process

To minimise the administrative burden on incoming agencies, the VGPB will monitor compliance of incoming agencies with the policy framework through the existing [Standing Directions](#) attestation process.

Guidance for agencies on this process has been provided through workshops and the Standing Directions Community of Practice. Further guidance materials and dedicated workshops will be provided in the lead-up to the first attestation on 30 June 2022.

### Connecting online

An online Expansion Program Community of Practice has been established on the Victorian Government’s intranet to connect with individuals from government agencies looking for expansion information. Members can access guidance materials and invites to information sessions and workshops.

The Buying for Victoria website has been updated with guidance and tools, including an updated [Guide to aligning with VGPB supply policies](#) and a self-assessment checklist of requirements. For more information, visit [buyingfor.vic.gov.au/victorian-government-purchasing-board-expansion](https://buyingfor.vic.gov.au/victorian-government-purchasing-board-expansion).

### Priority 3: Improve visibility and support for good procurement

Procurement can contribute significantly to achieving government objectives, whether it's buying the right product, getting better value for money, or following proper process to safeguard against risks. To maximise the contribution that the procurement profession can make, we need to ensure it has a seat at the table.

The VGPB and CPOs agree that with a greater focus on stakeholder communication and engagement, the VGPB can play a key role in lifting the profile of the profession within government and building awareness of the value that procurement professionals can bring.

The VGPB engages with organisations and other stakeholders on a broad range of procurement activities, enabling the VGPB to monitor compliance more widely, engage and interact with procurement personnel across government and give strategic advice.

The VGPB will also seek to increase its visibility among buyers and suppliers to build stronger understanding of the Government's procurement policies and create feedback loops to support continuous improvement.

In 2020–21, we developed a stakeholder engagement plan to support this priority. The plan sets out how we will engage with key stakeholders including CPOs, public sector leaders and government buyers and suppliers over the next two years to lift the profile of procurement across government.

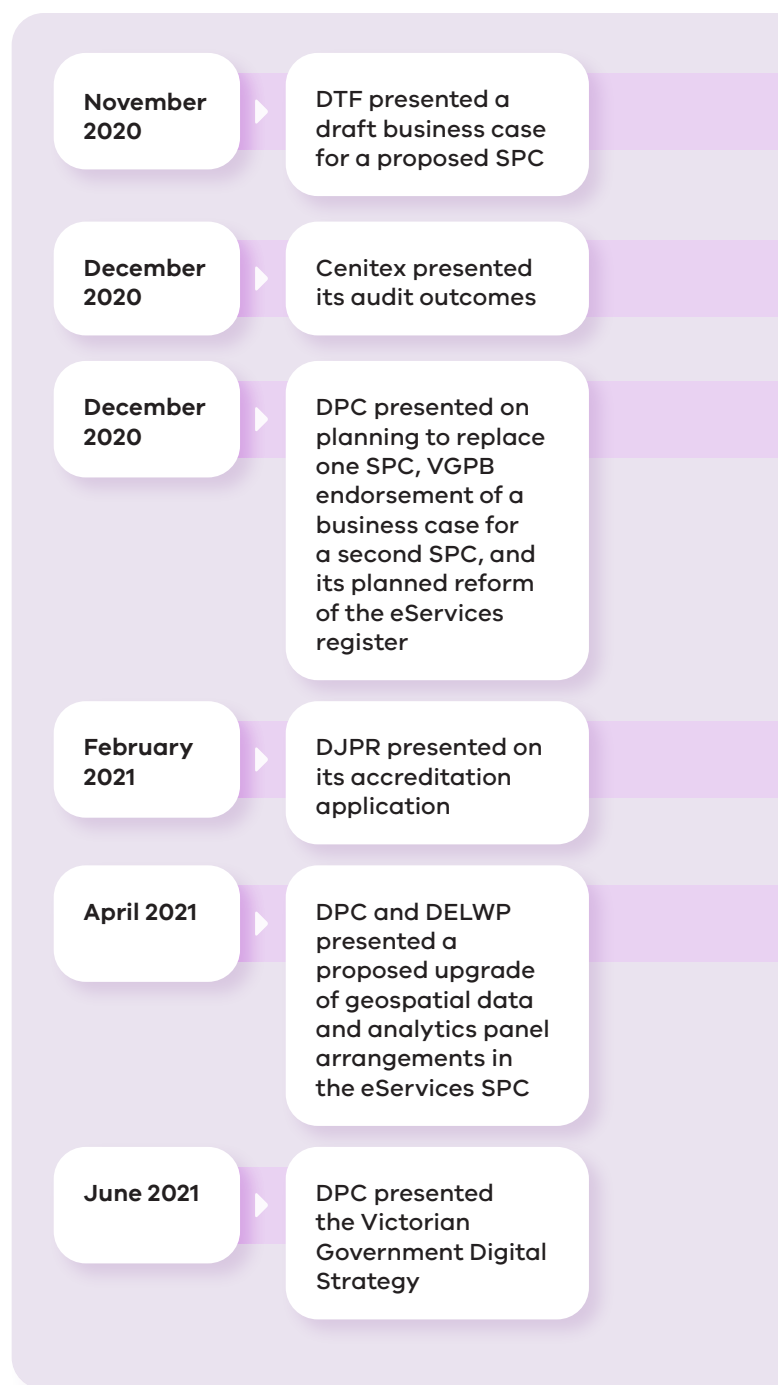
We started this engagement activity with VGPB members delivering presentations in the first half of 2021 to the Public Sector Administration Committee, the CPO Forum and the Government Buyers Community of Practice.

The level of stakeholder engagement activity will ramp up in 2021–22, with a series of consultations planned to understand barriers to good procurement under Priority 4 (refer to the next section), and several Board member engagements with departments, public sector leaders and supplier representative groups.

#### VGPB meetings

In 2020–21, five organisations presented to the VGPB at their bimonthly board meeting as shown in Figure 3.

**FIGURE 3: PRESENTATIONS AT VGPB MEETINGS IN 2020–21**





## CASE STUDY

### *Aboriginal cultural awareness training*

In December 2020, the VGPB invited Karen Milward to provide an Aboriginal Cultural Awareness training session to strengthen the Board's understanding of the diverse Victorian Aboriginal business sector. Karen works as an Aboriginal consultant and is also the Chair of Kinaway Aboriginal Chamber of Commerce.

This session helped the Board understand the diversity of cultures, languages, kinship structures and ways of life among Aboriginal and Torres Strait Islander peoples.

Cultural awareness training is an important step for government boards. The VGPB's goods and services procurement policy supports the Government's priority to improve opportunities for Aboriginal and Torres Strait Islander peoples through procurement and achieve a 1% procurement target from Victorian Aboriginal businesses through the **Social Procurement Framework**.

Image supplied by DPC







## CASE STUDY

### *A procurement working group for Aboriginal businesses*

The Department of Transport (DoT) is committed to seeking opportunities to engage with Aboriginal businesses across the transport portfolio.

In 2020, DoT set up a Transport Portfolio Aboriginal Business Engagement Working Group led by DoT CPO, Lisa Williams, with representatives from across the transport portfolio.

The working group brings together transport representatives across the portfolio committed to identifying procurement opportunities in their divisions and agencies to engage with Aboriginal businesses.

Meeting monthly, the group invites Aboriginal businesses to present their business offerings, hear about the company's experience with

government procurement and discuss the challenges they face working within the government procurement framework.

These insights will support the transport portfolio in achieving public Aboriginal procurement commitments and targets, identifying current gaps and barriers to these, and creating a continuous flow of Aboriginal business engagement and development.

The working group shares its experiences, initiatives and actions with the Transport Portfolio Aboriginal Self-Determination Steering Committee providing for a whole-of-transport focus on increasing its engagement with, and support of, the Aboriginal Victorian community

'The working group provides the opportunity to help shape procurement engagement to increase our engagement with Victorian Aboriginal businesses,' said Lisa.

This artwork, 'Movements Between the Five Clans' was created by Gunaikurnai artist Aaron and was purchased for the Transport Portfolio Aboriginal Self-Determination Plan via The Torch Gallery





## Priority 4: Create fit-for-purpose procurement

The VGPB policy framework is based on sound procurement practice that delivers good commercial outcomes and ensures accountability and transparency. As such, it is a 'fit-for-purpose' procurement framework.

With the procurement landscape constantly changing, our policy framework and its application must also evolve to stay relevant and aligned with best practice. Under this priority, the VGPB seeks to streamline and simplify the procurement framework, and identify barriers to fit-for-purpose procurement. The VGPB periodically reviews its framework to look for improvements, as well as opportunities to share information and build capability.

The VGPB seeks to help the Victorian Government become a buyer of choice. To support this goal, the VGPB will investigate the complexity of the wider procurement landscape, to identify opportunities to streamline policies and reduce the complexity of doing business with government. Our ongoing work with agencies as part of the expansion rollout also informs our discussions on what fit-for-purpose procurement looks like.

### Investigate barriers to fit-for-purpose procurement

#### Researching barriers

In 2020–21, we began stakeholder consultations into barriers to fit-for-purpose procurement to inform a targeted program of work to improve procurement policies and practices.

In 2021–22, the VGPB will set up a steering committee of VGPB members and departmental CPOs to oversee the stakeholder consultation, and the identification, prioritisation and delivery of improvement opportunities.

This will be an iterative and collaborative process focused on co-designing and implementing solutions.

### Procurement research and intelligence function

In 2020–21, we set up a procurement research and intelligence function to track developments and get insights into the Victorian Government's procurement reform priorities. This will help inform our current and planned policy initiatives and identify new opportunities to enhance procurement policies and practice.

### Interjurisdictional engagement

We increased our interjurisdictional engagement with other Australian and international governments and the Australasian Procurement and Construction Council to advance public procurement. For example, our ongoing collaboration with colleagues in the New Zealand Government involved comparing procurement operating models, priorities and initiatives and has informed activities undertaken in relation to this priority.

### Address barriers to fit-for-purpose procurement, including focused and coordinated capability building

#### Capability framework

Just before the end of the 2019–20 financial year, we published a buyer capability framework setting out standardised skillsets for procurement professionals. Skillsets are based on procurement complexity, making it suitable for any size agency.

In 2020–21, we updated the [capability guide](#) and tools to align with this framework. The capability assessment tool was also revised in preparation for the expansion rollout to ensure that the rating scale is relevant for smaller agencies.

### Collaborative forums

We hosted three procurement community of practice forums during the year, bringing together more than 800 procurement practitioners from across government. Moving this forum online to meet COVID-19 restrictions gave us the additional benefit of extending our reach and having regionally-based agencies participate.

This forum helps build awareness of procurement policies, guides, tools and templates and encourages a culture of procurement knowledge sharing and best practice.

We also host a smaller, more focused group for procurement practitioners called the Whole of Victorian Government (WoVG) Procurement Officers meeting. We held six procurement officer meetings during the year, covering a range of topics (Figure 4).

This collaborative forum is focused on the changing procurement landscape, pressing issues and sharing ideas and best practice to improve collective procurement expertise and capability. This is a great opportunity for those working in procurement policy to network and learn from their peers.

### Online forums

Our online buyers community of practice on the innovation network expanded from about 600 to 800 members, allowing us to reach even more procurement professionals across government with procurement updates, resources and materials.

FIGURE 4: TOPICS ON OFFER AT THE WOVG PROCUREMENT OFFICER MEETINGS





## CASE STUDY

### *Investing in digital skills development in Victoria*

The Victorian Government's \$64 million Digital Jobs program will equip mid-career Victorians with up-to-date digital skills and place them in paid, short-term digital roles with businesses.

DJPR's procurement team played a key role in getting this program off the ground. DJPR's Strategic Sourcing specialists helped the program team to create a skilled training supplier panel which offers participants a range of digital courses.

The team negotiated terms that allow the program to be as flexible as possible for providers, who have the ability to change and update their course offerings to suit participant needs. This innovative solution was a first for the department and a great example of delivering 'fit-for-purpose' procurement.

The Digital Jobs Program is open to people of all backgrounds living anywhere in Victoria, with a focus on women looking to re-enter the workplace as well as those whose job was impacted by COVID-19. Over the next four years, up to 5 000 Victorians will be supported to retrain and reimagine their career.

This initiative will significantly grow the state's digital workforce and shows how good procurement is being used by DJPR to boost Victoria's economic recovery and growth by creating more jobs and assisting in the skills development of Victorians.

Image supplied by DJPR



**3** Procurement Community of Practice forums with 533 attendees

**6** Procurement Officers' meetings



803 government members of our online buyers community of practice (up from 600 at the end of last year)



## CASE STUDY

### *Cleaning contract awarded to Aboriginal company*

Cleaning offices is an important task. Finding the right company can be challenging.

The Victorian Fisheries Authority (VFA) did things a little differently this year when they approached the market for a company to clean their offices across regional Victoria.

VFA's CEO Travis Dowling identified early in the planning process that the contract offered an opportunity to create a social value outcome. To see this vision through, his team approached cleaning and maintenance companies that were either social enterprises, disability enterprises or Aboriginal companies to submit a tender.

The three-year \$700 000+ cleaning contract was awarded to Jarrah Integrated Services.

Based on Wurundjeri land in North Melbourne, Jarrah Integrated Services was started in 2017 by Chadd Croshaw, a proud Anaiwan man from Tingha, New South Wales.

Jarrah Integrated Services is committed to creating and promoting the employment of Aboriginal and Torres Strait Islander people and businesses. They offer training and support to grow measurable, long-term career pathways for all Aboriginal Australians and have exceeded their own aspirations for Aboriginal employment.

'We are delighted that we could offer Jarrah Integrated Services the job, as well as provide the opportunity for other social enterprise companies to be engaged in the tender process,' said Travis.

This artwork was created by Matt Adnate (artwork supplied by Department of Transport)





## Other activities

### Harmonise goods and services and construction procurement

A review of government procurement in late 2017 noted significant differences in processes for construction procurement and goods and services procurement. The review recommended that departments and agencies seek to harmonise these processes to reduce complexity and the administrative burden for buyers and suppliers.

#### BENEFITS OF HARMONISING PROCUREMENT PROCESSES

- Quick and coordinated delivery of essential services
- More efficient procurement processes
- Less complexity
- Reduced administrative burden
- More consistent application of procurement principles
- A consistent and integrated procurement framework

In 2020–21, in consultation with the VGPB, DTF released a new approach to harmonisation for departments and agencies that procure a combination of goods and services and construction goods and services. These organisations will now harmonise their two policy frameworks where relevant and useful, using existing procurement arrangements and opportunities to maximise benefits for buyers.

An integrated procurement framework template was published to help agencies integrate their separate procurement frameworks, on a case-by-case basis.

Going forward, the VGPB will continue to consider how harmonisation could work more broadly to simplify the procurement landscape.

### Update standard contract templates in response to the Fair Payments Policy

The Minister for Small Business announced reforms to the Government's Fair Payment Policy, with payment terms for contracts under \$3 million to move from the current 30 days to 10 days from 1 January 2021.

We updated all six VGPB standard contract templates to reflect these changes.

“

An integrated procurement framework template was published to help agencies integrate their separate procurement frameworks, on a case-by-case basis.





## CASE STUDY

### *Mark of quality for Victoria's livestock*

The Department of Jobs, Precincts and Regions' (DJPR's) procurement team helped source new contracts for the supply of electronic National Livestock Identification System (NLIS) tags to Victorian producers. The NLIS is Australia's system for the identification and traceability of cattle, sheep and goats. This protects the reputation of Victoria's livestock industry as a supplier of 'clean' meat and dairy products for domestic and export markets.

DJPR contracted four tag manufacturers to make 14 different and suitable NLIS ear tags as choices for more than 45,000 Victorian cattle, sheep and goat producers. These contracts will supply the 13 million electronic tags ordered through Agriculture Victoria each year.

In conjunction with an industry sourced subsidy, the contracts allow Victorian producers to access the most cost-effective electronic NLIS tags in Australia. They also allow DJPR to ensure the tag manufacturers have appropriate quality assurance processes in place and provide excellent customer interaction to Victorian producers.

All the tag manufacturers have a presence in Australia, with two manufacturing exclusively in Victoria. This is a great example of how procurement can be used to deliver benefits to the local economy.

More than half of Victoria's total product exports come from food and fibre products. The robust livestock traceability system, underpinned by electronic NLIS tags, allows DJPR to maintain the biosecurity and reputation of Victoria's livestock trade. This is crucial in maintaining the health of Victoria's economy.

Image supplied by DJPR



# About the VGPB

We are a Victorian Government-owned body corporate established under the *Financial Management Act 1994* (FMA). 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
- work with stakeholders to make procurement more efficient.

## Procurement as a core business function

We see 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.

Our procurement model is based on assessing complexity and risk. Each organisation adopts a procurement governance framework scaled to its procurement profile and must have the appropriate capability to carry out its procurements.

Our five supply policies cover the whole procurement lifecycle (see Figure 5). 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 5: 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

Four strategic priorities with multiple initiatives:

- Enhance procurement systems and data
- Deliver the expansion program
- Improve visibility and support for good procurement
- Create fit-for-purpose procurement

### 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

In 2020-21, VGPB policies and oversight covered all Victorian Government departments, Cenitex, the Major Transport Infrastructure Authority, 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

Under section 54B of the FMA, the VGPB is responsible for monitoring compliance by departments and specified entities with supply policies.

Departments are defined under the FMA as:

- (a) a department within the meaning of the *Public Administration Act 2004*
- (b) an office or body specified in section 16(1) of that Act.

Administrative offices specified under section 16(1) usually 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.

A specified entity is any entity specified by the Governor in Council under section 54AA for the purposes of Part A: Supply Management, which brings them under the umbrella of the VGPB.

On 29 April 2021, the Governor in Council declared that from 1 July 2021, certain agencies bound by the [Standing Directions under the FMA](#) would also need to comply with VGPB supply policies.

This will expand coverage of the VGPB goods and services procurement policy framework to an additional 125 agencies.

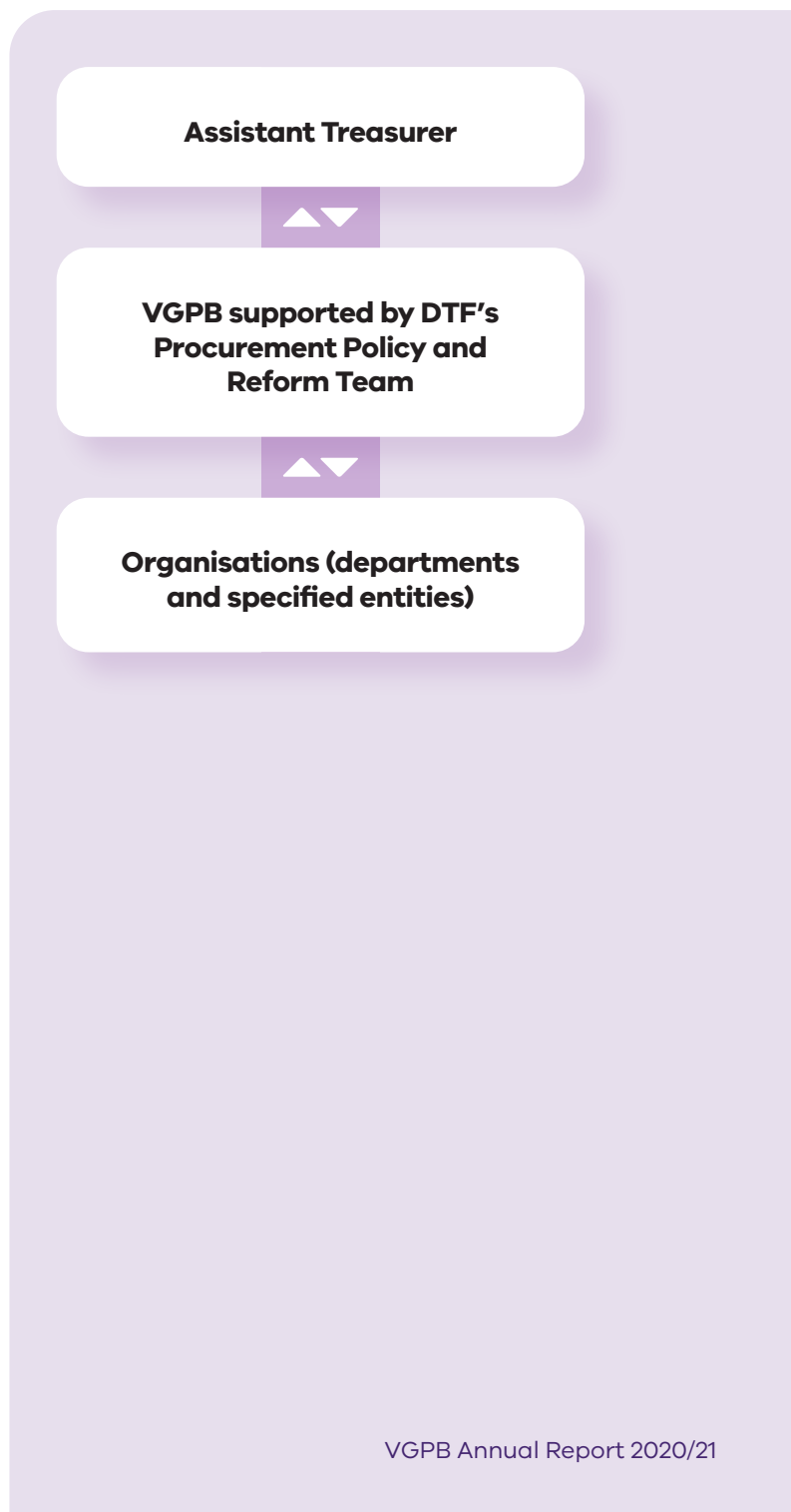
For a list of organisations bound by VGPB policy, refer to [buyingfor.vic.gov.au/goods-and-services-mandated-agencies](http://buyingfor.vic.gov.au/goods-and-services-mandated-agencies).

## Reporting structure

The VGPB reports to the Assistant Treasurer and is supported by the Procurement Policy and Reform team in DTF.

Departments and specified entities report directly to the VGPB on their procurement activities, as shown in Figure 6.

**FIGURE 6: 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.

Antoinette Brandi (Chair) and Timothy Lyons both left the VGPB in October 2020 and Russell Yardley left at the end of June 2021. The new Chair, Nadine Lennie, was appointed on 10 October 2020. Samantha Winter joined the VGPB on the same day and Raoul Wainwright joined on 1 June 2021.

At 30 June 2021, the VGPB had eight members.



**NADINE LENNIE**  
(Chair)

Nadine Lennie is a finance professional with more than 25 years of experience in procurement across large-scale programs to deliver projects in both the public and private sectors. Nadine brings to the position of chairperson extensive financial acumen, experience working within government policy frameworks, and leadership and board management expertise.



**CLAIRE THOMAS**

Claire Thomas 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.

Claire is a non-executive director of a not-for-profit disability service provider, a member of the Independent Review Panel providing probity oversight over the allocation of gambling licences in Victoria, and an independent member of the DJCS Audit and Risk Management Committee.



**DENISE DYER**

Denise Dyer is a multi-skilled professional with extensive experience in procurement, property and stakeholder relationship management. She has expertise in delivering major capability and change projects including information technology initiatives across a large, complex government business enterprise.

Denise also has a background in finance, consulting and in achieving social procurement outcomes in sourcing activities. Previously she Chaired the Corporate Real Estate Committee of the Victorian Property Council, and was the Company Secretary of corProcure, a joint venture between major corporations to promote global buying. Her current full-time role is in the Victorian Public Sector as a Senior Manager in property and procurement at William Angliss Institute.



**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.

More recently, Peter has been employed in the Victorian Public Sector as Chief Information Officer in DJPR.





### **RAOUL WAINWRIGHT**

Raoul Wainwright is an experienced industrial advocate, with a strong background in workplace relations and community services. Raoul has substantial experience in public policy development and working with government at all levels.

Raoul brings a practical understanding of the role of procurement in driving social, employment and environmental outcomes, in line with the Government's commitment to driving deeper value for money from procurement, including through the Social Procurement Framework.



### **RUSSELL YARDLEY**

Russell Yardley is a successful entrepreneur and business owner. Russell has strong governance skills and is an experienced board member. Russell's career has focused on innovation, ideas strategy and planning in ICT. Russell retired from the VGPB on 30 June 2021.



### **SAMANTHA WINTER**

Samantha Winter is an accomplished finance executive and experienced non-executive director. Samantha is an experienced Audit and Risk Committee Chair, supported by extensive experience as a commercial executive. Samantha brings a wealth of knowledge and experience in strategic planning, ICT, project delivery, business improvement and general management across the private and not-for-profit sectors. Samantha has a sound understanding of complex service organisations overseeing diverse operations and stakeholders.



### **SEONA JAMES**

Seona James is a Yorta Yorta woman who has focused her career to date primarily on Aboriginal engagement and relationship-building, both externally with Aboriginal organisations and internally with leadership teams and employees. Seona has been employed with the Victorian Civil and Administrative Tribunal, DHHS East Division, Linfox Logistics Australia, CPA Australia, DJCS and Australia Post in such roles.

Seona is a businessperson who established her business (Indigenous Cultural Connections) in March 2018 and is currently self-employed. She was a member of the Victorian Aboriginal Economic Board from April 2017 to May 2019.

## Board meetings

The VGPB meets once every two months to:

- develop and approve policies
- provide guidance on strategic procurements
- discuss procurement policy and practice matters.

The Board held six meetings over the reporting period and two planning sessions to set new strategic priorities. Meeting attendance is listed in Table 1.

**TABLE 1: BOARD MEETING ATTENDANCE IN 2020–21**

Board member	Member since	Bi-monthly meetings attended	Planning days attended
Nadine Lennie (Chair)	10 October 2020	5 of 5	2 of 2
Antoinette Brandi (previous Chair) (left 9 Oct 2020)	10 October 2015	1 of 1	n/a
Claire Thomas	1 July 2018	6 of 6	2 of 2
Denise Dyer	1 July 2019	5 of 6	2 of 2
Peter Lane	1 July 2019	6 of 6	1 of 2
Raoul Wainwright	1 June 2021	1 of 1	n/a
Russell Yardley (left 30 June 2021)	1 July 2014	6 of 6	2 of 2
Samantha Winter	10 October 2020	5 of 5	2 of 2
Seona James	1 July 2019	6 of 6	2 of 2
Timothy Lyons (left 9 Oct 2020)	10 October 2015	1 of 1	n/a

## Assessing the VGPB's performance

Each year, VGPB members conduct individual and Board assessments of performance over the past 12 months and identify opportunities for improvement.

In line with good practice guidance from the Victorian Public Sector Commission, the self-assessment considers a number of key areas, including fulfilment of legislative requirements, strategic leadership, governance, board meetings and decision-making, integrity, diversity and stakeholder relationships.

Key themes emerging from the Board performance assessment process included recognition of the large number of potential issues and activities, and the need for the Board to remain focused on its key strategic priorities. In particular, the Board agreed on the need for a continued strong focus on stakeholder engagement, and its oversight of important procurement systems and data work.

# Compliance

## Monitoring compliance with VGPB policies

Under the *Financial Management Act 1994* (FMA), the VGPB is responsible for monitoring compliance by departments and specified entities with its supply policies (refer to *Scope of VGPB policies* under *About the VGPB* to see which organisations come under the remit of the VGPB).

The VGPB monitors compliance through the seven main mechanisms shown in Figure 7. This section covers accreditation, compliance reported in annual supply reports, audit results, performance measures and complaints. The VGPB’s engagement activities are covered earlier under *Priority 3: Improve visibility and support for good procurement*.

Use of the term ‘organisation’ in this section, refers only to organisations (departments and specified entities) mandated to comply with VGPB policies under the FMA.

FIGURE 7: COMPLIANCE MECHANISMS



## Compliance mechanisms

Table 2 explains the VGPB’s compliance mechanisms in more detail.

**TABLE 2: MONITORING COMPLIANCE WITH VGPB POLICIES**

<b>Compliance mechanism</b>	<b>Details</b>
<b>Accreditation process</b>	Organisations are required to seek VGPB accreditation of their compliance with the goods and services supply policies.
<b>Annual supply report</b>	Organisations submit an annual supply report 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.
<b>Audit program</b>	Organisations conduct an internal audit of compliance with VGPB policies and submit the audit report to the VGPB every three years. From 2021–22, the audit approach will change, with organisations required to undertake two procurement-related audits every three years. Progress on actions to address findings are monitored by the VGPB.
<b>Performance measures</b>	Organisations monitor performance against five performance measures and report results in their annual supply report.  For one measure (supplier satisfaction), the VGPB has commissioned a market research company to manage an ongoing survey of suppliers to assess satisfaction levels and identify areas for improvement in procurement.
<b>Engagement</b>	The VGPB’s engagement model has replaced the former oversight process. CPOs may be invited to VGPB meetings to discuss compliance issues, and are encouraged to discuss procurement strategies, strategic procurements or any other procurement matters with the VGPB at scheduled VGPB meetings or at other relevant forums with VGPB members.
<b>Complaints management</b>	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 annual supply report. Suppliers dissatisfied with complaint outcomes may escalate these with the VGPB for investigation.
<b>Review of procurement activity plans</b>	Organisations publish forward procurement activity plans on their website to give the supplier marketplace forward notice of procurement activity planned in the coming 12 to 24 months. These plans are submitted every year for review by the VGPB.

## Accreditation

Departments and some specified entities need to apply for and obtain **VGPB accreditation** under the goods and services supply policies.

Accreditation involves a department or specified entity preparing a detailed submission for the VGPB with evidence demonstrating compliance with the goods and services supply policies.

Agencies subject to the VGPB expansion do not go through accreditation. However, they will need to **align their policies and processes with the VGPB's goods and services supply policies**.

If machinery of government changes result in the creation of new departments or significant changes to an existing organisation's procurement function, the newly formed organisations are required to submit a new accreditation application.

Two departments were accredited in 2020–21 after machinery of government changes in 2019 (see case study below).

On 31 January 2021, the Department of Health (DH) and the Department of Families, Fairness and Housing (DFFH) were formed from a machinery of government change in the former Department of Health and Human Services.

Both departments will undertake VGPB accreditation in 2022, given the substantial changes to their procurement profiles.

Last year, MTIA's procurement activity was reported under Department of Transport (DoT), in line with the usual practice for administrative offices. MTIA has a substantial goods and services budget and governs and operates its procurement function separate from DoT. MTIA has opted to seek independent accreditation in 2021–22. The VGPB welcomes MTIA's decision to seek accreditation.



### CASE STUDY

## *Two departments successfully accredited in 2020–21*

In 2020–21, the Department of Transport (DoT) and the Department of Jobs, Precincts and Regions (DJPR) were accredited after being created from the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) from 1 January 2019.

The newly formed DoT brought Victoria's transport system under one umbrella with the merger of Public Transport Victoria, VicRoads and the previous transport portfolio in DEDJTR.

While COVID-19 made it challenging to pull together a new procurement strategy, DoT submitted its application in May 2020 and was accredited in September 2020.

'Having a united procurement framework in DoT helped us to form an integrated department approach. It gives suppliers and internal stakeholders a 'one way, same way' approach to strategic procurement,' said DoT's CPO, Lisa Williams.

DJPR submitted its application for VGPB accreditation in October 2020 and was accredited in April 2021.

'Accreditation gives the VGPB confidence that a department has all the necessary governance, strategic planning, roles and processes in place to comply with our policy framework,' explained Nadine Lennie, VGPB Chair.

'We appreciate the substantial time and effort that both departments put into the accreditation process, especially under such challenging circumstances,' added Nadine.



## Compliance reported in annual supply reports

Organisations submit an annual supply report (ASR) to the VGPB at the end of each financial year.

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.

### Overall compliance

In 2020–21, organisations reported high levels of compliance with the VGPB supply policy framework, as shown in Table 3.

**TABLE 3: COMPLIANCE WITH VGPB POLICIES IN 2020–21**

Organisation	Governance	Complexity and capability assessment	Market analysis and review	Market approach	Contract management and contract disclosure	Other mandatory requirements	Overall compliance
DELWP	✓	✗	✓	✓	✓	✓	97%
DET	✓	✓	✓	✓	✓	✓	100%
DH/DFFH	✓	✓	✓	✓	✓	✓	100%
DJPR	✓	✓	✓	✓	✓	✓	100%
DJCS	✓	✓	✓	✓	✓	✓	100%
DPC	✓	✓	✓	✓	✓	✓	100%
DoT	✓	✓	✓	✓	✗	✓	97%
DTF	✓	✓	✓	✓	✓	✓	100%
Cenitex	✓	✓	✓	✓	✗	✓	97%
MTIA	✓	✓	✓	✓	✓	✓	100%
Victoria Police	✗	✓	✓	✓	✓	✓	94%

DoT was accredited in September 2020 and DJPR in April 2021. Compliance is measured from the date of accreditation.

## Compliance by policy area

### Policy 1: Governance

All but one organisation reported full compliance with the requirements of this policy in 2020–21.

Victoria Police reported that two components of its procurement strategy (contract management planning strategy and capability development plan) are not complete, however work is under way to address this.

**TABLE 4: COMPLIANCE WITH GOVERNANCE REQUIREMENTS IN 2020–21**

Policy requirement	Organisations complying
Did you have a CPO throughout the year?	12 of 12
Does the CPO have appropriate procurement qualifications and/or experience?	12 of 12
Do you have an internal procurement unit?	12 of 12
Is the procurement strategy in place? This includes a: <ul style="list-style-type: none"> <li>• procurement activity plan covering the next 12–24 months of planned procurements</li> <li>• contract management planning strategy</li> <li>• supplier engagement plan</li> <li>• capability development plan</li> </ul>	11 of 12
Did you review your procurement activity plan in 2020–21?	12 of 12
Is a high-level version of your procurement activity plan published on your website?	12 of 12
Is your complaints management system in place?	12 of 12

CPO= Chief Procurement Officer

### Policy 2: Complexity and capability assessment

All but one organisation reported compliance with the requirements of this policy.

DELWP did not review its procurement capability development plan in 2020–21. The plan will be reviewed in 2021–22.

**TABLE 5: COMPLIANCE WITH COMPLEXITY AND CAPABILITY ASSESSMENT REQUIREMENTS IN 2020–21**

Policy requirement	Organisations complying
Do you have a complexity assessment methodology?	12 of 12
Is the complexity assessment methodology being applied to all procurement activity?	12 of 12
Do you have a procurement capability assessment methodology?	11 of 12
Does your organisation have an appropriate level of procurement expertise, resources, systems and processes that enable procurement activities to be completed successfully?	12 of 12

### 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 2020–21**

<b>Policy requirement</b>	<b>Organisations complying</b>
Do you have a market analysis methodology?	12 of 12
Do you have a process to identify aggregated purchasing opportunities (SPC and/or SEPC)	12 of 12
Do you have an asset disposal process?	12 of 12

### Policy 4: Market approach

All organisations reported compliance with the requirements of this policy.

**TABLE 7: COMPLIANCE WITH MARKET APPROACH REQUIREMENTS IN 2020–21**

<b>Policy requirement</b>	<b>Organisations complying</b>
Do you have a market approach strategy to satisfy probity standards?	12 of 12
Do you have an established process for the secure lodgment of tender submissions?	12 of 12
Do you have critical incidents protocols and processes?	12 of 12
Were all critical incidents managed in accordance with the market approach policy?	8 of 8*
Do you have an evaluation plan, supplier negotiation and selection process?	12 of 12
Were all market submissions managed in compliance with the market approach policy?	12 of 12

\* Four organisations did not purchase any goods and services under the critical incident procurement protocol in 2020–21.

### Policy 5: Contract management and contract disclosure

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

DoT disclosed all contracts over \$100 000 in 2020–21, but not all contracts over \$10 million due to COVID-19 restrictions and staff being unable to attend the office to redact commercial-in-confidence material before publishing. Contracts are being reviewed and will be placed on the Tenders Vic website as soon as possible.

Management of insurance certificates was flagged as an area for improvement for Cenitex in their VGPB compliance audit. Cenitex developed a risk-based classification methodology to support its insurance certification review requirements. More than half of its contracts (62%) and half of all vendors have now been reviewed with this work continuing into 2021–22.

**TABLE 8: COMPLIANCE WITH CONTRACT MANAGEMENT AND DISCLOSURE REQUIREMENTS IN 2020–21**

Policy requirement	Organisations complying
Do you have a contract management framework?	12 of 12
Were all contracts managed in compliance with the contract management policy?	12 of 12
Do you have a contract register in place?	12 of 12
Do you have a process to ensure currency of all relevant insurance certificates?	11 of 12
Do you have a contract disclosure process?	12 of 12
Did you meet all contract disclosure requirements for all contracts valued over \$100 000 / ≥\$10 million including GST?	11 of 12

### Other mandatory requirements – Supplier Code of Conduct

All organisations complied with these requirements in 2020–21.

**TABLE 9: COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS IN 2020–21**

Policy requirement	Organisations complying
Did you include a requirement to sign a supplier code of conduct commitment letter in all your market approaches?	12 of 12
Did you exclude suppliers that failed to return a signed letter?	12 of 12





## CASE STUDY

### *A hybrid market approach delivers the three-year-old kindergarten toolkit on time*

Victoria is the first state or territory in Australia to introduce funded three-year-old kindergarten for all children. To support early childhood teaching teams to roll out this initiative, the Department of Education and Training (DET) produced a three-year-old kindergarten teaching toolkit.

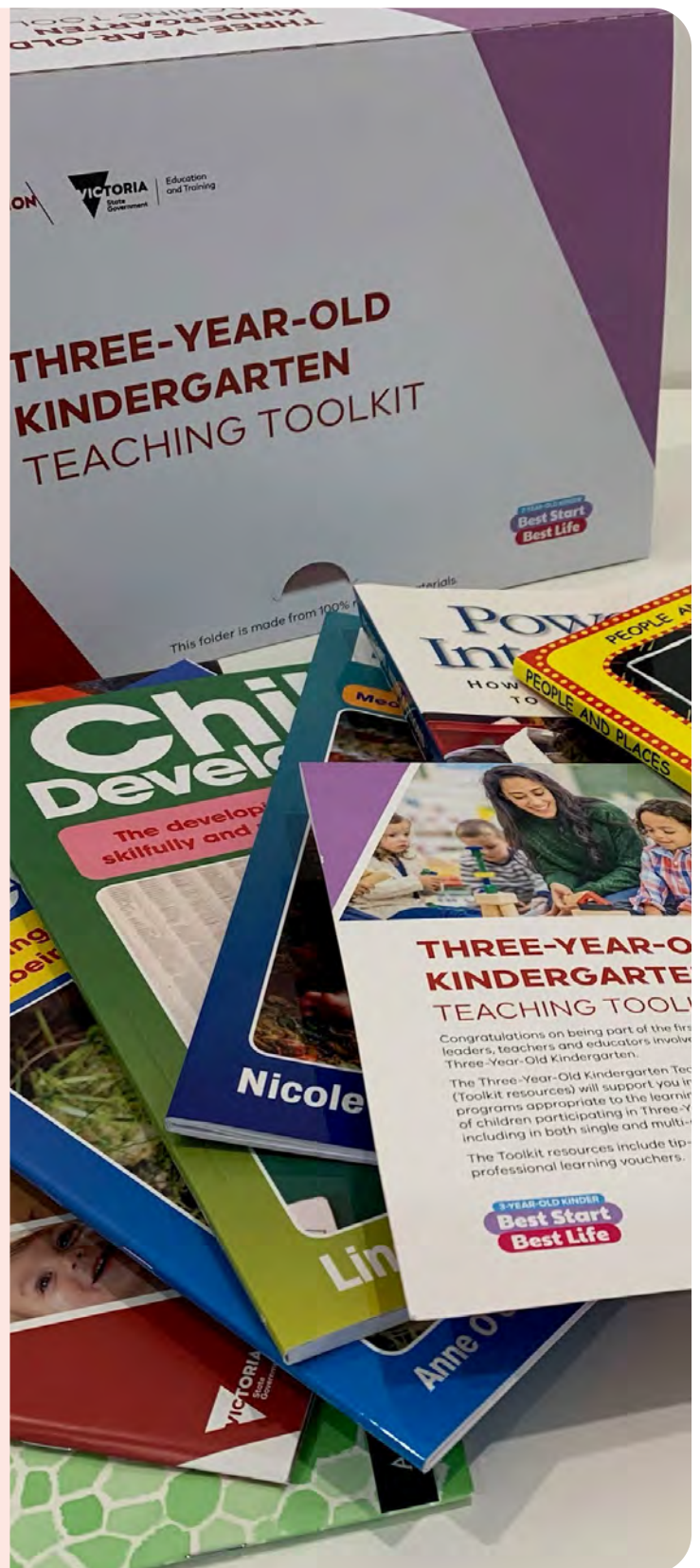
The procurement team needed to source the toolkit container and contents and send it to 2 904 early childhood centres in a staged rollout across the state.

The toolkit had many different components, needing a hybrid market approach to source the contents. Books were sourced directly from publishers, whereas printed items, the toolkit container and warehouse storage and packing could all be procured from state purchase contracts.

It was critical for the goods to be supplied in two shipments to minimise the risk of the department holding excess stock for long periods, and to maximise the potential for bulk discount pricing. DET also needed to give suppliers enough lead time to deliver large quantities of goods to the warehouse (especially the smaller book publishers/suppliers) in time for the rollout to services.

DET's sourcing team used a streamlined approach to fast-track the procurement. The team negotiated upfront volume discounts with suppliers to avoid protracted pricing negotiations and successfully secured discounted pricing offers at the outset. The toolkits are currently being delivered across the state for the staged rollout with final kits to be delivered by January 2022.

Image supplied by DET



## Audits

Departments and agencies are accountable for ensuring good procurement practice, in line with VGPB policies. Under the VGPB's audit program, departments and accredited agencies internally audit their compliance with VGPB policies every three years.

The VGPB audit program:

- verifies compliance with VGPB supply policies
- minimises risks
- 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.

From 1 July 2021, the VGPB will put in place a new process of two targeted audits over a three-year period. The focus of the audits will shift from broad compliance to focus more directly on managing and reducing the most important risks for the organisation and looking for process improvements which align with departments' broader strategies.

Table 10 summarises the audits conducted in the second three-year cycle of the VGPB audit program from 2018–19 to 2020–21.

Two further audits (DoT and DJPR) were also completed in this period and reports provided as part of the requirements for their accreditation applications.

DJCS is due to complete its audit in Quarter 4 of 2021.

**TABLE 10: AUDIT PROGRAM SCHEDULE AND RESULTS AT 30 JUNE 2021**

Audit year	Organisation	No. of findings	Risk rating of findings	No. of recommendations	Recommendations implemented
2018–19	Treasury and Finance	5	Low – 5	4	Complete
	Victoria Police	5	Medium – 5	10	9 complete, 1 in progress
2019–20	Education and Training	1	Low – 1	2	Complete
	Premier and Cabinet	3	Significant – 2 Low – 1	6	Complete
2020–21	Health and Human Services	3	Medium – 1 Low – 2	9	Expected by December 2021
	Cenitex	5	Medium – 3 Low – 2	7	6 complete, 1 in progress
	Environment, Land, Water and Planning	3	Significant – 1 Medium – 1 Low – 1	7	3 complete, 4 in progress

## Audit findings in 2020–21

### Department of Health and Human Services

DHHS (now DH and DFFH) completed its audit in August 2020. The overall audit rating was 'Acceptable Controls' – the second highest of four ratings. The audit identified three findings, including gaps in documentation to support completion of procurement/contract management activities (risk rating – medium), limited recording and reporting of SPC usage (risk rating – low), and gaps in the capture of asset disposal information.

In response to the audit, DHHS reviewed and updated its procurement documentation management, strengthened its communications on procurement requirements with business units and its monitoring of use of SPCs, and updated its asset disposal policy and introduced an online asset disposal management register.

### Cenitex

Cenitex completed its audit in August 2020. The audit concluded that Cenitex's procurement processes and controls were continuing to build in maturity. The audit identified five findings related to:

- finalising procurement governance strategies and plans
- strengthening record-keeping and controls to clearly demonstrate that probity, impartiality and transparency during the performance of procurement activities and 'best value' procurement outcomes are achieved and captured
- monitoring currency of supplier insurance certificates
- opportunities for management to uplift Cenitex's Procurement Transformation project.

The external auditors attended the VGPB meeting in December 2020 to discuss the audit findings and management actions. Cenitex has subsequently updated four key governance documents, investigated and remediated a small number of complexity assessments and signed contracts not provided to the auditor during the audit, updated induction and records management processes, and started a review of insurance certificate expiry dates to be completed in 2021–22.



Audits measure 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.

## Department of Environment, Land, Water and Planning

DELWP completed its audit in December 2020. The overall audit rating in relation to consistency of approach was 'Inconsistent' and in relation to maturity of design was 'Evolving' – both of these ratings were the second lowest of four ratings on their respective scales.

The audit identified three findings:

- DELWP's current approach to managing and overseeing procurement activity did not support full compliance with VGPB policy requirements (risk rating – significant)
- processes and controls relating to asset disposal need improvement (risk rating – medium)
- processes and controls relating to management of procurement complaints need improvement (risk rating – low).

In response to these issues, DELWP has implemented a hub-and-spoke operating model with improved oversight and support from the central procurement unit. It has implemented new procurement systems, strengthened its monitoring of asset disposal, and updated policies and procedures to ensure compliance with VGPB policy requirements by business units undertaking goods and services procurement. A complaints register has also been established to monitor the progress of complaints in line with documented timeframes.

## Performance measures

Organisations track their procurement performance each year using the performance measures and methodology listed in Table 11.

The supplier satisfaction assessment is based on a survey sent to suppliers.

Results from 2020–21 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 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/decrease 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.

**TABLE 12: SUMMARY OF PERFORMANCE MEASURE RESULTS IN 2020–21**

	DET	DELWP	DH/ DFFH	DJPR	DJCS	DPC	DoT	DTF	Cenitex	MTIA	Victoria Police
<b>1</b> Value created through procurement (%)	14.1	8.8	2.8	1.8	4.7	5.3	4.5	14.2	2.7	. <sup>1</sup>	4.9
<b>2</b> Managed spend (%)	45.6	67.8	66.3	54.4	76.0	29.8	78.8	98.0	100	71.4	82.5
<b>3</b> Increase/decrease in procurement capability (%)	0.7	2.9	0.0	25.2	5.9	7.4	1.4	0.8	0.8	n/a <sup>2</sup>	-4.9
<b>4</b> Successful suppliers satisfied (%)	89	85	90	89	90	73	82	100	100	80	80
Unsuccessful suppliers satisfied (%)	38	57	33	42	50	64	22	100	33	21	0
<b>5</b> Planned procurement activity (%)	8.5	55.6	24.5	54.0	17.6	45.0	11.6	44.8	57.7	78.2	73.2

<sup>1</sup> MTIA will be able to track this measure from next year (2021–22) after rolling out a new financial and contract management system.

<sup>2</sup> This is the first year of reporting against performance measures for MTIA as they previously reported through DoT. MTIA will be able to measure its procurement capability increase from 2021–22.

## Complaints

Organisations must have a complaints management system which sets out the process for addressing complaints by suppliers related to process or probity concerns for a particular procurement. CPOs are responsible for the complaints management process. In 2020–21, all organisations had a complaints management system in place.

Eight complaints related to procurement activity were reported in 2020–21, as shown in Table 13. This compares to four complaints in 2019–20 and 10 complaints in 2018–19.

Organisations investigate and resolve complaints in line with their complaints procedure. If the complainant is dissatisfied with the outcome, they may escalate their complaint for further review to the VGPB.



TABLE 13: COMPLAINTS RELATED TO PROCUREMENT ACTIVITY IN 2020–21

Organisation	Number	Nature of complaint	Action taken	Status
<b>Cenitex</b>	1	An unsuccessful tenderer indicated that a Cenitex staff member requested information from one of its subcontractors, under the mistaken assumption that the subcontractor was working for the successful tenderer. The unsuccessful tenderer perceived this as a conflict of interest.	Complaint investigated and external probity advice sought, which confirmed no basis for the complaint. Responded to complainant in April 2021 advising that the request was not authorised, and no information was needed from the unsuccessful tenderer. No further response was received from the complainant.	Resolved
<b>Environment, Land, Water and Planning</b>	1	An unsuccessful tenderer complained about the suitability of the selection team and inconsistency between information provided by tender briefing documents and DELWP project manager.	Tender process paused for review which found that the evaluation team was suitable and the complainant's understanding and recollection from a verbal exchange could not be substantiated.	Resolved
<b>Health / Families, Fairness and Housing</b>	2	Supplier asked department to accept late bid.	Complaint investigated and response sent on 21/12/2020 stating late bid would not be accepted.	Resolved
		Supplier complained that proper procurement process was not followed.	Complaint investigated and response sent on 03/03/2021 stating processes were appropriate and correct.	Resolved

Organisation	Number	Nature of complaint	Action taken	Status
<b>Treasury and Finance</b>	3	Three complaints regarding not properly being informed of the timing for submissions for an SPC.	The CPO investigated and found that the integrity of the tender process had not been compromised, a view supported by the independent probity adviser engaged by DTF to oversee the process.	Two resolved, one referred to the VGPB – currently under investigation
<b>Victoria Police</b>	1	An unsuccessful tenderer indicated it was not given an explanation as to why bids were unsuccessful and alleged that a current employee involved in the evaluation was a former employee of the successful tenderer.	An internal investigation, assured by an external probity practitioner, found that the tender process complied with VGPB policies and processes, and the tenderer was given feedback when requested. No evidence supports the allegation that a current Victoria Police employee was previously employed by the successful tenderer.	Referred to VGPB – currently under investigation
<b>Total</b>	<b>8</b>			

### Resolution of complaints from 2019-20

In 2019–20, DTF reported one complaint related to a late submission to an SPC tender, and an assertion that the process for informing stakeholders was deficient.

The CPO's investigation found that the integrity of the tender process had not been compromised. The independent probity adviser engaged by DTF also found that the late submission should not be accepted.

The complainant was dissatisfied with the outcome of the investigation and referred the matter in June 2020 to the VGPB for review. The VGPB found no breaches of VGPB policy requirements in how DTF had communicated with the market before release of the tender, nor in how DTF had responded to the complaint. The complainant was advised of the outcome of the complaint in September 2020.

# Procuring goods and services

In 2020–21, the VGPB collected procurement data from 12 organisations – the nine Victorian Government departments, Cenitex, MTIA and Victoria Police.

On 31 January 2021, the Department of Health and Human Services was split into two new departments: the Department of Health (DH) and the Department of Families, Fairness and Housing (DFFH) under machinery of government changes. DFFH and DH are reporting the same financial data (including procurement) in 2020–21.

This is the first year that MTIA has reported separately to the VGPB as it progresses towards accreditation in 2020–21. Last year MTIA reported through its portfolio department, DoT.

## About contract approval data

The VGPB collects data on contract approvals of all (non-construction) goods and services contracts valued at \$100 000 or more, including GST. This reflects the total estimated value of contracts approved during the financial year. It does not reflect actual spend under contracts, particularly for longer term procurement arrangements such as state purchase contracts (SPCs) and sole entity purchase contracts (SEPCs).

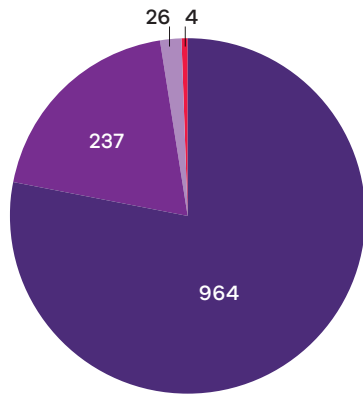
Organisations report on three types of contracts as listed in Table 14.

**1 231** total contract approvals in 2020–21 (number)\*

**\$2 753.6m** total contract approvals in 2020–21 (value)\*

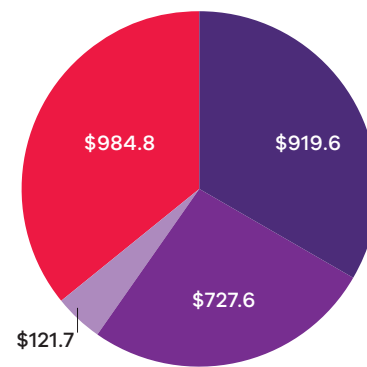
\* Contracts valued greater than \$100 000.

### Number of contracts



- One-off supplies – standard procurement process
- One-off supplies – critical incident procurement process
- SEPCs
- SPCs

### Value of contracts (\$m)



- One-off supplies – standard procurement process
- One-off supplies – critical incident procurement process
- SEPCs
- SPCs

### Complexity profile across government (number of contracts)

**645** Transactional

**165** Leveraged

**188** Focused

**233** Strategic

### Complexity profile across government (value of contracts)

**\$491.4m** Transactional

**\$286.5m** Leveraged

**\$375.4m** Focused

**\$1 600.4m** Strategic

\*Contracts valued greater than \$100 000.

TABLE 14: TYPES OF CONTRACT APPROVALS

Compliance mechanism	Details
One-off supply contracts	<p>A single purchase of a specific quantity of goods or services.</p> <p>One-off supply contracts are usually procured following standard procurement processes. However, during a critical incident, contracts may be procured under critical procurement protocols, which are designed to enable government to quickly respond to any emergency, crisis or disaster by adopting streamlined and flexible procurement processes.</p> <p>One-off supply contracts can be established under SPCs and SEPCs, but these are not reported in contract approvals, because the contract value has already been captured under reporting of the head SPC/SEPC agreement.</p>
Sole entity purchase contracts (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 contracts (SPC)	A standing offer agreement for goods and services commonly used across the Victorian Government, such as stationery, print management and ICT services.

SPCs and SEPCs 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).

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.

“

In 2020–21, the VGPB collected procurement data from 12 organisations – the nine Victorian Government departments, Cenitex, MTIA and Victoria Police.



## Contracts approved in 2020–21

In 2020–21, the 12 organisations reported 1 231 procurement contract approvals (with an approved contract value greater than \$100 000) with a total combined value of \$2 753.6 million, as shown in Table 15.

Consistent with previous years, the highest number and value of contract approvals relate to one-off supply contracts.

Organisations continued to procure significantly more goods and services under the critical incident protocol than in previous years due to the procurement response needed to keep Victorians safe during COVID-19.

The number of critical incident contracts approvals valued above \$100 000 made up 19.7% of all one-off supply contracts, which is similar to last year (18.9%).

To read more about the critical incident procurement protocol and contracts approved under this policy in 2020–21, refer to *One-off supply approvals (critical incidents)* later in this section.

**TABLE 15: TOTAL NUMBER AND VALUE OF CONTRACT APPROVALS IN 2020–21 BY GOODS AND SERVICES**

	One-off supplies				SEPCs		SPCs	
	Standard procurement process		Critical incident procurement process		Number	Value (\$m)	Number	Value (\$m)
	Number	Value (\$m)	Number	Value (\$m)				
Goods	102	221.7	53	38.1	10	50.0	..	..
Services	862	697.9	184	689.5	16	71.7	4	984.8
<b>Total</b>	<b>964</b>	<b>919.6</b>	<b>237</b>	<b>727.6</b>	<b>26</b>	<b>121.7</b>	<b>4</b>	<b>984.8</b>

As in 2019–20, one-off supply contracts have been reported based on whether they were procured using the standard or critical incident protocol, due to the higher number of critical incident procurements. Discrepancies between totals and sums of totals reflect rounding.

### Trends in contract approvals

Table 16 shows the number and value of contracts approved over the last three years. The increase in value this year can be attributed to two high-value SPCs renewed in 2020–21: the Master Agency Media Services SPC valued at \$400 million and the Professional Advisory Services SPC valued at \$500 million. These contracts both include a three-year contract term and two options to extend. The total estimated contract value encompasses this five-year period.

The number and value of SEPC and SPC approvals 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 2018–19 TO 2020–21**

	2018–19		2019–20		2020–21	
	Number	Value (\$m)	Number	Value (\$m)	Number	Value (\$m)
One-off supplies (standard and critical protocol)	1 239	1 249.7	1 607	1 579.5*	1 201	1 647.2
SEPCs	32	441.9	44	98.8	26	121.7
SPCs	9	885.8	6	295.5	4	984.8
<b>Total</b>	<b>1 280</b>	<b>2 577.4</b>	<b>1 657</b>	<b>1 973.8*</b>	<b>1 231</b>	<b>2 753.6</b>

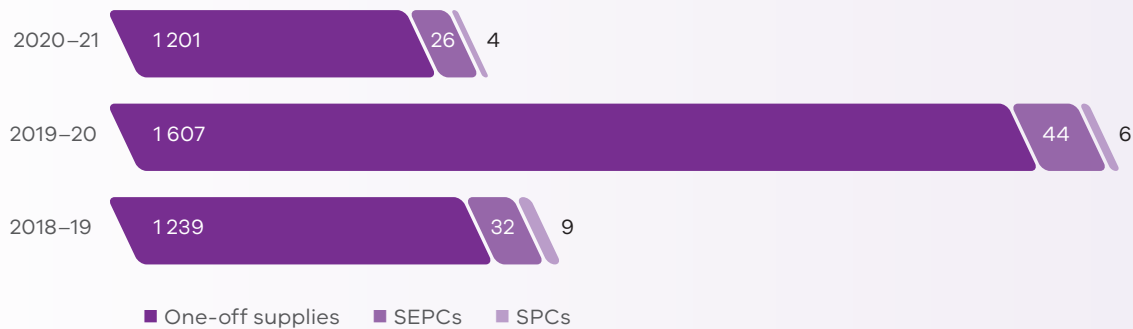
\* Contract value includes value from two contracts reported in 2019–20 where value was still to be finalised.

The total number and value of one-off supplies reported in 2019–20 includes 329 critical incident procurement contracts valued under \$100 000. Without these contracts, the number of one-off supplies has stayed consistent over the three years.

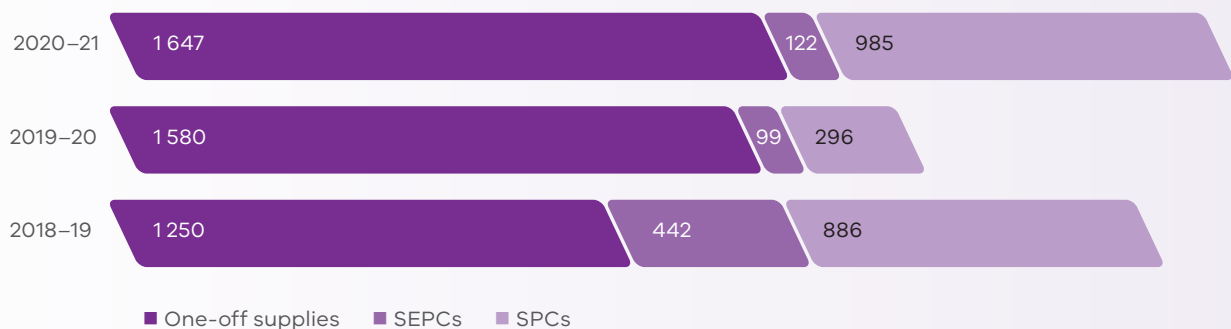
### Trends at a glance

**FIGURE 8: TRENDS IN NUMBER AND VALUE OF CONTRACT APPROVALS FROM 2018–19 TO 2020–21**

#### Number



#### Value (\$m)



## One-off supply contract approvals (standard procurement process)

In 2020–21, organisations reported 964 one-off supply contract approvals valued at \$919.6 million, excluding critical incident procurement contract approvals (see Table 17).

This compares to 1 036 one-off supply contract approvals in 2019–20, valued at \$1 272 million.

**TABLE 17: ONE-OFF SUPPLY CONTRACT APPROVALS BY ORGANISATION AND BY GOODS AND SERVICES IN 2020–21**

Organisation	Goods		Services	
	Number	Value (\$m)	Number	Value (\$m)
Education and Training	12	18.0	156	145.3
Environment, Land, Water and Planning	22	35.5	168	109.4
Health/Families, Fairness and Housing	..	..	87	51.4
Jobs, Precincts and Regions	34	53.6	94	53.7
Justice and Community Safety	3	1.4	170	193.2
Premier and Cabinet	8	2.2	57	42.5
Transport	6	71.3	45	13.0
Treasury and Finance	1	0.13	21	15.6
Cenitex	..	..	7	27.7
MTIA	1	0.1	53	35.7
Victoria Police	15	39.3	4	10.5
<b>Total</b>	<b>102</b>	<b>221.7</b>	<b>862</b>	<b>697.9</b>

Discrepancies between totals and sums of totals reflect rounding.



## CASE STUDY

### *Covid-flexible professional learning for new primary school teachers*

Transforming the First Years of the Teaching Career is an initiative for primary schools which aims to improve the quality and experience of graduate teachers as they are inducted into the profession. Graduate development is one of four key reform areas within the Department of Education and Training's (DET) Excellence in Teacher Education reforms.

In support of this initiative, DET sought a supplier to design and deliver a two-year blended professional learning program for up to 350 graduate teachers a year.

DET's procurement team assessed the complexity of the procurement to ensure it had the right resources to run the procurement process. The team conducted market analysis to understand the supplier market and develop a strategy for the market approach to maximise the probability of

receiving high-quality proposals and generating a value-for-money outcome. The procurement team ran an open market tender approach to maximise competition and led the negotiation, best and final offer, internal approvals and contract execution processes.

Throughout the process, the procurement team worked in close partnership with subject matter experts to ensure key requirements for a high-quality learning program were embedded in the process, including appropriate measures to ensure business continuity during COVID-19 restrictions.

As a result of this partnering approach, DET was able to gain the benefits of its expertise in teacher professional development and its sophisticated procurement capability, to achieve a high-quality and value-for-money outcome. DET identified and contracted a supplier which began delivering this important program in Term 1 of this year, providing quality professional learning while remaining responsive to government and departmental responses to COVID-19, including social distancing, remote learning and school closures.

Image supplied by DET





## CASE STUDY

### *Negotiating better outcomes for Victoria's arterial road network*

In June 2020, the Victorian Government invested \$340 million to transform the real-time management of the arterial road network in three initial zones of metropolitan Melbourne.

To do this, the Department of Transport (DoT) needed to find a dynamic system that could monitor the road network and give a real-time picture of congestion and road use.

DoT started with an innovative pay-to-learn approach identified through a separate procurement process, which put DoT in a more informed purchasing position.

DoT's procurement team then lead the formal tender process to meet probity requirements, ensure maximum value from the market, reduce the time taken to gain the necessary outcomes and minimise risk to the department.

The team worked closely with the business and legal functions to drive an efficient procurement process – establishing timelines, market approach, negotiation strategies, KPIs and communication channels with the tenderers.

The tender included an initial round and a best and final offer. DoT's procurement team led multiple further clarification rounds and negotiations to calibrate delivery expectations, clarify pricing and mitigate risks before finalising the process.

The negotiation process achieved a 25% value add with a combination of cost reductions and further solution enhancements.

The tender was completed in June 2021 and a single vendor chosen to manage a complex solution using a number of third parties. The solution is both modular and futureproof enabling the solution to grow and adapt with DoT's future needs.

Image supplied by DoT





## One-off supply approvals (critical incident process)

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.

Critical incident protocols and processes are invoked when a relevant minister, accountable officer or 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 record-keeping processes
- 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.

This section includes all CIPs approved in 2020–21, including those valued at less than \$100 000. Nine of the 12 reporting organisations conducted critical incident procurements in 2020–21, one less than last year. Cenitex reported four critical incident contract approvals in 2019–20, but none this year.

In 2020–21, organisations reported 466 critical incident contract approvals valued at \$870.8 million, as listed in Table 18.

Most of these contract approvals (95.5%) were for COVID-19 related goods and services, such as:

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

Contract approvals under the 'Other' category related to bushfire response (1), avian influenza (17) and state memorials (3).

DH/DFFH and DJCS reported the highest value of critical incident procurements in 2020–21, which is to be expected given that they are lead agencies in Victoria's COVID-19 response.

**TABLE 18: CRITICAL INCIDENT PROCUREMENT BY ORGANISATION IN 2020–21**

Organisation	COVID-19		Other	
	Number	Value (\$m)	Number	Value (\$m)
Education and Training	103	38.8	..	..
Environment, Land, Water and Planning <sup>1</sup>	5	0.5	..	..
Health Families, Fairness and Housing (DH/DHHS) <sup>2</sup>	222	357.4	..	..
Jobs, Precincts and Regions	9	2.8	18	8.7
Justice and Community Safety	52	440.9	..	..
Premier and Cabinet	21	3.3	3	0.5
Treasury and Finance	..	..	..	..
Transport	1	0.2	..	..
Cenitex	..	..	..	..
MTIA	..	..	..	..
Victoria Police	32	17.7	..	..
<b>Total</b>	<b>445</b>	<b>861.6</b>	<b>21</b>	<b>9.2</b>

1 Includes one critical incident procurement for hand sanitiser not reported in 2019–20.

2 Figures for DH/DFFH include 62 contract approvals valued at \$138.0 million which were approved in 2019–20, but were entered into their critical incident procurement register in 2020–21. These procurements are not included earlier in Table 15.



In 2020–21, organisations reported 466 critical incident contract approvals valued at \$870.8 million.



## CASE STUDY

### *Supporting emergency services with agile procurement in a pandemic*

Since the start of the pandemic, the Victoria Police procurement function has been challenged by the need to urgently procure goods and services to support frontline operations, often with very little notice.

The start of the pandemic required urgent supplies of personal protective equipment (PPE) such as nitrile gloves, surgical masks, hand sanitisers and antibacterial wipes.

Victoria Police was able to support its frontline members by procuring PPE under the VGPB's critical incident procurement policy, while also preparing to supply these items under longer term arrangements following standard procurement policies.

More recent purchases included goods and services needed to support police members working at border crossings, the outer metropolitan sites ('the Ring of Steel') and the hotel quarantine program. Requests often came with a short one to two-day delivery timeframe.

Rarely used before the current pandemic, the critical incident procurement policy has shown its effectiveness in ensuring critical emergency services can continue to be delivered while adhering to VGPB policy.

Image supplied by Victoria Police



## Variations

Most variations reported in 2020–21 related to one-off supply contracts, as shown in Table 19.

**TABLE 19: TOTAL CONTRACT VARIATIONS BY VALUE RANGE IN 2020–21**

Variations (value range)	One-off supply contracts	SEPCs	SPCs
\$0 – \$9 999	36	-	-
\$10 000 – \$99 999	199	-	-
\$100 000 – \$999 999	308	5	-
> \$1 million	86	10	10
<b>Total</b>	<b>629</b>	<b>15</b>	<b>10</b>

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
- a variation can cover a transition period while an organisation prepares for a full tender process.

Table 20 shows variations reported by organisation in 2020–21.

**TABLE 20: CONTRACT VARIATIONS BY ORGANISATION IN 2020–21**

Organisation	Number
Education and Training (DET) <sup>1</sup>	-
Environment, Land, Water and Planning (DELWP) <sup>2</sup>	87
Health/Families, Fairness and Housing	98
Jobs, Precincts and Regions	110
Justice and Community Safety (DJCS) <sup>3</sup>	152
Premier and Cabinet	91
Transport	3
Treasury and Finance	14
Cenitex	25
MTIA	14
Victoria Police	60
<b>Total</b>	<b>654</b>

<sup>1</sup> DET keeps full records of all variations but cannot extract number and value from its current procurement system. A new system will be implemented soon to enable this data capture.

<sup>2</sup> DELWP provided partial variations data in 2020–21 due to migrating to a new contract management system. This includes contract variation data for contracts above \$150 000 from July to December 2020 and for contracts above \$200 000 from January to June 2021.

<sup>3</sup> DJCS variations data does not include date variations.

## Procurement complexity

A key feature of VGPB policies is a requirement for organisations to assess the complexity of a procurement or category of procurements before starting any procurement process, and ensuring that the organisation has the capability in place to match the complexity.

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.

Table 22 lists the total contract approvals reported in 2020–21 by complexity quadrant.

**TABLE 22: TOTAL CONTRACT APPROVALS BY COMPLEXITY QUADRANT IN 2020–21**

Quadrant	Number	Value (\$m)	Average value per contract (\$m)
Transactional	645	491.4	0.8
Leveraged	165	286.5	1.7
Focused	188	375.4	2.0
Strategic	233	1 600.4	6.9
<b>Total</b>	<b>1 231</b>	<b>2 753.6</b>	<b>2.2</b>

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



Most organisations had a predominantly transactional complexity profile in 2020–21. The exceptions were DH/DFFH – 83% of their procurements were assessed as being strategic – and DJCS which reported 36% of contract approvals under the leveraged quadrant, 29% as transactional, 24% as focused and 11% as strategic. Refer to the *Procurement profiles* section for a breakdown of complexity by department.

The highest average contract value was in the strategic quadrant. This is partly due to four high-value strategic SPCs valued at \$984.8 million (see *Table 24: SPCs approved in 2020–21*).

DH/DFFH also carried out a high number of strategic procurements due to its role as the lead agency in the response to the COVID-19 pandemic. It reported 152 strategic one-off supply contracts valued at \$246.2 million.

### Trends in procurement complexity

Table 23 shows the trends in procurement complexity over three years. Complexity data for 2020–21 includes critical incident procurement, where the previous year does not, making it difficult to compare this year’s data with previous years.

**TABLE 23: TRENDS IN PROCUREMENT COMPLEXITY FROM 2018–19 TO 2020–21**

Complexity quadrant	2018–19		2019–20		2020–21	
	Number	Value (\$m)	Number	Value (\$m)	Number	Value (\$m)
Transactional	646	372.9	632	471.8	645	491.4
Leveraged	261	1 262.9	148	251.0	165	286.5
Focused	177	203.3	199	321.5	188	375.4
Strategic	196	738.3	107	622.1	233	1 600.4
<b>Total</b>	<b>1 280</b>	<b>2 577.4</b>	<b>1 086</b>	<b>1 666.3</b>	<b>1 231</b>	<b>2 753.6</b>

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

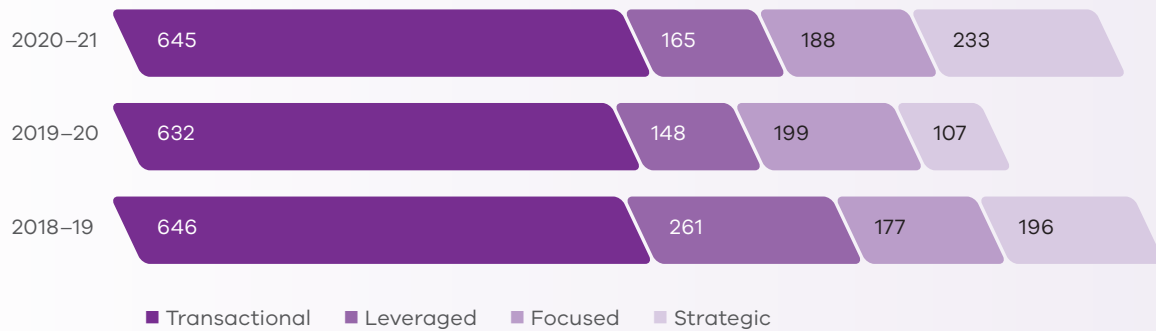


Most organisations had a predominantly transactional complexity profile in 2020–21.

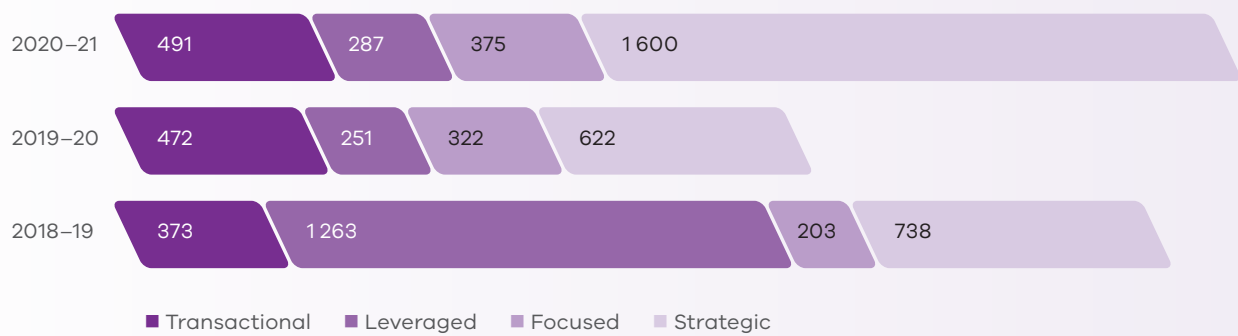
## Trends at a glance

**FIGURE 9: TRENDS IN NUMBER AND VALUE OF PROCUREMENT COMPLEXITY FROM 2018–19 TO 2020–21**

### Number



### Value (\$m)



Critical incident procurements are not included in 2019–20 complexity figures.



## CASE STUDY

### *Making it easier – a digital transformation to support better ways of working*

In July 2020, the Department of Environment, Land, Water and Planning (DELWP) implemented a systematic department-wide program – *Making it easier: Our plan to adopt better ways of working* – in response to the challenges of the 2020 bushfires and COVID-19 pandemic.

The program included a review of some corporate systems and processes to address workload pressure, protect staff wellbeing and ensure that working at DELWP is sustainable and rewarding.

The improved digital workflows enable greater visibility of the higher value procurements conducted in the business units and regional offices. This enables the central procurement team to provide oversight more efficiently and identify issues early on for those procurements that need CPO assistance or approval.

The program presented an opportunity to digitally transform existing procurement processes, clarify where necessary, and simplify the requirements for submission and approval of procurement documentation. For example, several paper-based forms were consolidated and replaced with online forms, improving existing procurement processes.

Staff across DELWP have seen several benefits from the digital transformation, which was achieved in November 2020, including:

- streamlined procurement processes with built-in automated workflows
- easy tracking of approval workflows for procurement submissions
- improved timeframes for approvals
- establishing an online portal to process procurement submissions and record approvals which has minimised the risk of misplacing paper forms and potential non-compliance associated with managing paper-based records.

Image supplied by DELWP



# 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](http://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 \$2 billion.

Under the VGPB's expansion program, more organisations will be able to make greater use of SPCs (see *Priority 2: Deliver the expansion program under VGPB Activities in 2020–21*).

## Who can access SPCs?

All government organisations and agencies can access SPCs.

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

## Who manages SPCs?

DTF manages almost all non-ICT goods and services SPCs. The only exception is the Legal Services Panel, which is managed by DJCS.

DPC is responsible for ICT SPCs, apart from Rosetta, which is managed by Cenitex.

## The role of the VGPB

The VGPB plays a role in endorsing new SPC business cases and is consulted on SPC renewals, replacements and extensions (not including exercising contractual options). In 2020–21, several SPC strategies, proposals and draft business cases were submitted to the VGPB for feedback. This included SPCs such as banking and financial services, fuel, print management and associated services, stationery and workplace consumables, and travel management services.

## About the data in this section

The contract values in the tables are estimates. Expenditure occurs as organisations order and consume goods and services over the contract term of the SPC. 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 2020–21

In 2020–21, four SPCs were approved with an estimated total value of \$984.8 million, as listed in Table 24. This compares to six SPCs approved in 2019–20, with an estimated total value of \$295.5 million.

Ten variations to SPCs were also reported in 2020–21, as listed in Table 25. Most variations related to extending contracts to provide service continuity while departments focused on their response to the COVID-19 pandemic.

### 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 the Victorian Government.



## CASE STUDY

### *Smoothing the transition to a new media agency services SPC*

On 30 May 2021, OMD Australia was appointed as the new supplier for the Master Media Agency Services SPC with a three-year initial term and two one-year options to extend.

The Department of Treasury and Finance (DTF) managed a smooth transition from the previous provider to OMD to provide continuous service to government. This is a best-in-class media contract that focuses on a partnership approach between the buyer and supplier and operates as an open-cost pricing model. The full financial costs of any advertising campaign are visible to Victorian Government agencies. All third-party media outlet charges attract no additional margin via OMD.

In addition to delivering excellent value for the Victorian Government's media needs, the partnership with OMD will deliver additional benefits in priority areas aligned with the state's Social Procurement Framework. This includes employment opportunities for those most

impacted by the COVID-19 pandemic – OMD has committed to hiring 12 young people to work on the Victorian Government account and employ an additional 15 young people each year across the agency.

Other social benefits of the contract include a commitment to employ a person with a disability to work on the government account, internship opportunities for Aboriginal people, and purchasing from Victorian social enterprises and Aboriginal businesses.



TABLE 24: SPCS APPROVED IN 2020–21

Organisation	Total number	Title/ description	Total estimated value (\$m)	Contract term (yrs)	Options (yrs)	Complexity assessment outcome	Market approach method	Type of arrangement	No. of suppliers
DPC	2	Oracle Systems Contract	84.0	3	2	Strategic	RFQ	Closed	1
		eProcurement platform – VendorPanel	0.8	4	0	Strategic	RFQ	Closed	1
DTF	2	Master Agency Media Services	400.0	3	2	Strategic	EOI	Closed	1
		Professional Advisory Services	500.0	3	2	Strategic	RFT	Closed	220
<b>Total</b>	<b>4</b>		<b>984.8</b>						

RFT = Request for tender, RFQ = Request for quote, EOI = Expression of interest

## Variations to SPCs

Ten variations to SPCs were reported in 2020–21, as listed in Table 25. Most variations related to extending contracts to provide service continuity during COVID-19.

**TABLE 25: VARIATIONS TO SPCS IN 2020–21**

Organisation	Number	Total estimated value (\$m)	Project title	Reason for variation
DPC	4	51.0	Salesforce	Varied to include additional services for government in support of COVID-19, and to build social and local procurement needs into the contract
		838.8	TPAMS2025 – Extension 1	Varied to align with the refreshed Victorian Telecommunications Service contract
			TPAMS2025 – Extension 2	As above
			TPAMS2025 – Extension 3	As above
DTF	6	15.0	Print Management and Associated Services	Extended for 9 months to maintain value for money and supply chain stability during COVID-19
		6.3	Master Agency Media Services	Extended by 5 months due to the COVID-19 pandemic
		15.0	Stationery and Workplace Consumables	Extended by 12 months to maintain value for money and supply chain stability during COVID-19
		25.0	Fuel and Associated Products	Varied for 6 months to align with New South Wales fuel contract to facilitate an interjurisdictional procurement
		29.0	Travel Management Services	Extended by 12 months to maintain value for money and supply chain stability during COVID-19
		231.0	Staffing Services	Extended by 8 months to maintain value for money and supply chain stability during COVID-19
<b>Total</b>	<b>10</b>	<b>1 211.0</b>		

TPAMS2025 is a telecommunications services contract



### Looking for new SPC opportunities

#### DPC

DPC is exploring options to aggregate, improve and drive stronger value propositions for:

- Human Capital Management SAP
- Zycus procurement as a cloud platform
- ServiceNow agreement
- Google agreement.

DPC is also leading an ICT procurement reform that will simplify the way government and industry engage. The program will focus on elevating local, social and small to medium enterprise entities in support of Victoria's economic and business recovery.

#### DTF

DTF has developed a procurement analytics capability that will deliver improvements to existing SPCs and identify opportunities for new SPCs.

DTF will harness the procurement analytics capabilities to identify new opportunities for aggregation to drive greater value-for-money outcomes. These mechanisms will also enable DTF to provide ongoing improvements to existing SPCs and management of new SPCs to ensure the benefits provided by these contracts are maximised. Refer to *VGPB activities in 2020–21* for more information.

In 2020–21, DTF worked on finalising two SPCs related to banking and financial services and an interjurisdictional fuel and associated products contract with New South Wales and Queensland that will deliver considerable financial savings and social procurement outcomes for Victoria while maintaining excellent statewide coverage. These SPCs will be finalised in early 2021–22.

## Sole entity purchase contracts approved in 2020–21

In 2020–21, 26 SEPCs were approved with an estimated total value of \$121.7 million, as listed in Table 26. This compares to 44 SEPCs with an estimated total value of \$98.8 million approved in 2019–20.

**TABLE 26: SEPCS APPROVED IN 2020–21**

Organisation	Number	Value (\$m)
Environment, Land, Water and Planning	10	54.6
Justice and Community Safety	2	7.2
Transport	1	20.0
Cenitex	1	6.0
MTIA	1	4.8
Victoria Police	11	29.1
<b>Total</b>	<b>26</b>	<b>121.7</b>

# Procurement profiles

This section summarises the procurement profile and performance of the 12 organisations that reported directly to the VGPB at the end of this financial year.

In 2020–21, many organisations continued to re-prioritise procurement activities to respond to COVID-19, which affected delivery of planned procurements.

Despite these pressures, we saw a commitment to continuous improvement in procurement practice, particularly in capability. Almost all organisations increased their procurement capability in 2020–21, with DJPR reporting the most significant increase of 25.2%.

DJPR transitioned to a centre-led model during the year, with all procurement above \$100 000 now led by its Procurement Centre. It increased the number of procurement specialist staff and invested significantly in strategic sourcing, category management, governance, systems, reporting and procurement advisory business partnering resulting in a large increase in capability.

Most organisations operate a centre-led procurement model where procurement is typically managed by a single dedicated part of the business. DPC and DTF operate a decentralised model where procurement is carried out across the business. DJCS' procurement model is category based with high-value, complex and strategic procurements managed centrally, while lower value transactional procurements are carried out by the relevant business unit.



*Almost all organisations increased their procurement capability in 2020–21, with DJPR reporting the most significant increase of 25.2%.*

## Department of Education and Training

The Department of Education (DET) leads the delivery of education and development services to children, young people and adults, both directly through government schools and indirectly through the regulation and funding of early childhood services, non-government schools and training programs.

With education services being impacted by COVID-19 restrictions, DET's procurement has temporarily refocused on procuring personal protective equipment, more IT equipment and services, and deep cleaning services for schools.

### Procurement profile in 2020–21

**168**

**one-off supply contract approvals (standard process) valued at \$163.4 million**

**27**

**one-off supply contract approvals (critical incident process) valued at \$37.9 million**

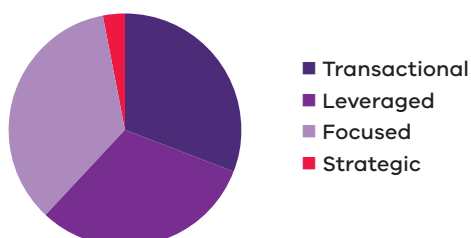
## Top categories of contract approvals

- General professional services
- Security services
- Technology consulted/contracted services
- Evaluation of programs
- Commercial and financial advisory services

## Highlights

- Continued efficiency of response to priority procurement needs arising from COVID-19 pandemic/shutdown and recovery-linked government budget initiatives.
- Extended 440 specialist school bus service arrangements by more than \$308 million to ensure critical transport options for disabled and special needs students.
- Significant progress by DET in reducing spend on professional services and labour hire, in line with Victorian Government targets.
- Started developing a procurement capability framework for assessment and uplift of Procurement Division staff.
- Identified \$37.5 million in savings created by robust procurement processes across all procurements.

## Complexity profile (no. of contracts approved)



## Centre-led procurement function

## Accountability (at 30 June 2021)

**AO:** Jenny Atta, Secretary, Office of the Secretary

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

**CPO:** Sandy Carveth, Acting CPO, Procurement Division

Note: Contract approval data includes contracts valued higher than \$100 000 only.

## Performance

DET's Procurement Division continues to deliver value for government through its well-established procurement processes. The focus for DET has been on driving commercial outcomes and supporting the government's policy objectives (Social Procurement Framework, Local Jobs First) through procurement activities.

Table 27 sets out DET's performance in 2020–21, compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 27: DET PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	4.2	8.9	14.1	
DET's Procurement Division has continued to drive savings through structured negotiations to deliver value-for-money outcomes. A continued awareness of budget pressures and normalisation of best and final offer/negotiation in the procurement process continues to deliver improvements.				
<b>Managed spend</b>	n/a	49.7	45.6	
The Procurement Division managed about half of DET's spend, which aligns with DET's centre-led procurement model.				
<b>Increase in procurement capability</b>	1.5	2.3	0.7	
There has been greater focus on risk management in active contracts, driven by concerns of potential impact of COVID-19 on delivery capacity and timelines. Work is under way to give more structure to capability development activities, which will likely support improvements to staff capability.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	80	79	89
	<b>Unsuccessful satisfied</b>	25	52	38
DET issued a high number of surveys, but had a low response rate, possibly due to DET re-approaching key suppliers in high-use categories. Response rates may benefit from more timely contact with bidders once the outcome is notified. The current system does not enable this, but a future eProcurement solution may.				
An identified action for 2021–22 is to review how DET ensures timely and accurate communication with bidders during market approach.				
<b>Planned procurement activity as a % of actual procurement activity</b>	51.9	46.7	8.5	
The delayed state budget (November 2020) combined with the need for a quick response to many consequences of COVID-19 made forward planning very difficult. This is reflected in this year's score.				

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.

## 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.

### Procurement profile in 2020–21

**190**

**one-off supply contract approvals (standard process) valued at \$144.9 million**

**4**

**one-off supply contract approvals (critical incident process) valued at \$0.5 million**

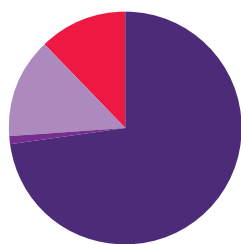
**10**

**SEPC approvals valued at \$54.6 million**

## Top categories of contract approvals

- Management and business professionals and administrative services
- Engineering and research and technology-based services
- Information technology broadcasting and telecommunications
- Environmental services
- Farming and fishing and forestry and wildlife contracting services

### Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

## Highlights

- Replaced DELWP's finance and procurement systems with the BusinessHub's new cloud-based solutions, which includes Oracle and Zycus.
- Streamlined procurement processes with built-in automated workflows to improve accessibility, save time and maintain compliance. Several paper-based forms were consolidated and replaced with online forms available in the DELWP Service Portal.
- Achieved procurement savings of \$21.1 million (including \$18.6 million in direct savings and \$2.5 million in indirect savings), exceeding the 2020–21 savings target of \$10 million.
- Approved DELWP's Social Procurement Strategy on 13 October 2020.
- Continued to promote procurement from verified Aboriginal businesses and raised the exemption threshold for direct selection of an Aboriginal business from \$150 000 to \$200 000.

### Accountability (at 30 June 2021)

**AO:** John Bradley, Secretary, Office of the Secretary

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

**CPO:** Ivy Lee, CPO, Finance, Corporate Services

### Centre-led procurement function

## Performance

Overall, DELWP performed well in 2020–21 with procurement increasingly seen as a core function of the department. DELWP realised procurement savings of \$21.1 million, including direct and indirect savings, against a savings target of \$10 million. The proportion of procurement spend reviewed by the central governance unit more than doubled during the year, and overall supplier satisfaction improved among both successful and unsuccessful suppliers.

Table 28 sets out DELWP's performance in 2020–21, compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 28: DELWP PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	10.2	5.3	8.8	
<p>The central Strategic Sourcing team was expanded in 2020–21 to cater for increased procurement requirements. DELWP's total contract spend was significantly less in 2020–21 than 2019–20, but the department still managed to realise procurement savings of \$21 million. Procurement savings are largely a direct result of the output of the central Strategic Sourcing team which leads all procurement greater than \$3 million.</p>				
<b>Managed spend</b>	n/a	26.9	67.8	
<p>In 2020–21, the procurement governance unit reviewed all procurements with a value greater than \$150 000 up to November 2020, and procurements greater than \$200 000 from December 2020 onwards, as well as all professional services engagements. The team reviewed fewer submissions in 2020–21. This is partly attributed to the higher CPO approval threshold of \$200 000 implemented in December 2020. However, DELWP's smaller total contract spend meant that the proportion of spend reviewed by the team more than doubled during 2020–21.</p>				
<b>Increase in procurement capability</b>	11.6	6.3	2.9	
<p>Procurement capability has increased across DELWP with the implementation of the department's new cloud-based BusinessHub systems (Oracle and Zycus), which included the development of new teams (Sourcing Support and Purchasing Support) and a specialist role (Sourcing Community Engagement Manager) in the central procurement branch (the Hub) to support the model. This is in addition to the previously established and operational Strategic Sourcing team. There are dedicated procurement teams embedded into each group, including sourcing specialists and purchasing officers (the Spokes) to support procurement needs.</p>				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	90	60	85
	<b>Unsuccessful satisfied</b>	36	32	57
<p>The sample size increased in 2020–21 to 27% of the total supplier population, compared with 12% in 2019–20. Supplier satisfaction increased among both successful and unsuccessful suppliers compared with last year. This is attributed to the provision of clear information to suppliers, openness and responsiveness to questions, and a simple straightforward procurement process. Areas for improvement are the timeliness of procurement processes and helpfulness of feedback for unsuccessful suppliers.</p>				
<b>Planned procurement activity as a % of actual procurement activity</b>	17.8	71.7	55.6	
<p>DELWP publishes a procurement activity plan for all planned procurement greater than \$500 000. In 2020–21, 72 procurements over \$500 000 were conducted, including 22 procurements from an SPC. Forty planned procurements were published in the procurement activity plan. The other significant procurements were not published in the activity plan 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>				

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.



## Department of Health/Families, Fairness and Housing

The former Department of Health and Human Services (DHHS) went through a significant machinery of government change this year. On 1 February 2021, two separate departments were formed, the Department of Health (DH) and the Department of Families, Fairness and Housing (DFFH).

DH was established to advance the government's policy priorities in improving patient outcomes and experience for all Victorians. The department is responsible for health and ambulance services, mental health and ageing portfolios. It is also leading the government's public health response and recovery associated with the COVID-19 pandemic.

DFFH is focused on child protection, housing, disability, the prevention of family violence, multicultural affairs, LGBTIQ+ equality, veterans, women and youth.

Due to the complexity of separating the two procurement functions, the departments reported joint procurement data this year and will report separately from 2021–22. DH and DFFH are both expected to undertake an accreditation process to the VGPB in 2022.

### Procurement profile in 2020–21

87

**one-off supply contract approvals (standard process) valued at \$51.4 million**

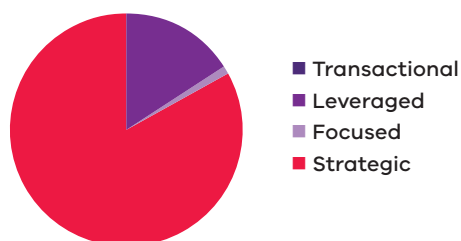
96

**one-off supply contract approvals (critical incident process) valued at \$216.7 million**

## Top categories of contract approvals

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

### Complexity profile (no. of contracts approved)



### Centre-led procurement function

## Highlights

- Used Office365 tools to improve many procurement functions and processes.
- Developed a compulsory online training module for contract managers to support compliance and drive best contract management practice across the department.
- Took on substantial work to support the Government's response to COVID-19.
- Continued to implement social procurement including completing the department's Aboriginal Procurement Target Implementation Plan.
- Worked on a project to introduce an end-to-end procurement system.

### Accountability (at 30 June 2021)

**AO:** Euan Wallace, Secretary (DH); Sandy Pitcher, Secretary (DFFH)

**IPU Chair:** Greg Stenton, Deputy Secretary, Corporate Services (DH); Andrew Minack, Deputy Secretary, Corporate & Delivery Services (DFFH)

**CPO:** Genine Wallinga, Director and CPO, Procurement, Contract and Business Services (DH); Danielle Wise, CPO and Director, Procurement, Concessions and Contract Services (DFFH)

## Performance

The department usually sees year-on-year improvements in performance measures. In 2020–21, the department saw a drop in value created and managed spend, most likely due to the department's focus on the response to the COVID-19 pandemic and reacting quickly to the needs of its business partners. The supplier survey response rate was low. The department will monitor this in 2021–22 to ensure it can gather meaningful feedback.

The procurement branch has a strong commitment to continuous improvement and strives for greater performance on all procurement functions including these performance measures.

Table 29 sets out DH/DFFH's performance in 2020–21, compared with the previous two years of DHHS data. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 29: DH/DFFH PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	2.0	4.1	2.8	
Value created decreased from last year but was still seen as a good performance considering the large amount of contracted spend. The departments' focus has been to target procurement support on high-value projects where savings can be significant. This approach will continue with procurement planning to help target key projects.				
<b>Managed spend</b>	n/a	93.0	66.3	
Managed spend decreased this year due to the significant increase in expenditure related to DH's role as the lead agency in the response to the COVID-19 pandemic. Responding to the urgent needs of the pandemic meant that central procurement could not always be involved.				
<b>Increase in procurement capability</b>	-4.0	2.8	0.0	
DH/DFFH maintained its strong commitment to capability scoring almost full marks for the second year in a row (148 out of 150). The department has a strong focus on continuous improvement and professional development and has now included the newly released VGPB capability development framework as part of the standard professional development process for procurement officers.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	74	83	90
	<b>Unsuccessful satisfied</b>	73	38	33
The department sends the survey to all suppliers at the end of the procurement process but had a low response rate this year. This could be because suppliers were busy responding to the department's extensive and numerous requirements. The response rate will be monitored in 2021–22 and reviewed if further action is needed to increase the response rate.				
<b>Planned procurement activity as a % of actual procurement activity</b>	11.6	22.4	24.5	
DH/DFFH continues to improve its Relationship Management Model, strengthening the relationship between the central procurement team and business partners and increasing its ability to forward plan procurement activity. This is reflected in the year-on-year improvement in this performance measure.				

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.

## Department of Jobs, Precincts and Regions

The Department of Jobs, Precincts and Regions (DJPR) is firmly focused on Victoria's economic recovery and growth, 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. At the time it was established, DJPR adopted all of the procurement policies of the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR). DEDJTR had previously obtained VGPB accreditation. DJPR received VGPB accreditation in April 2021.

DJPR transitioned to a centre-led procurement model in 2020–21. All procurements above \$100 000 are now led centrally. This has delivered \$1.2 million in cost savings and \$2.9 million in cost avoidance.

Under machinery of government changes, Local Government Victoria, Medical Research and the Place Based Reform functions joined DJPR from DELWP, DHHS (now DH) and DPC respectively.

### Procurement profile in 2020–21

**128**

**one-off supply contract approvals (standard process) valued at \$107.3 million**

**19**

**one-off supply contract approvals (critical incident process) valued at \$11 million**

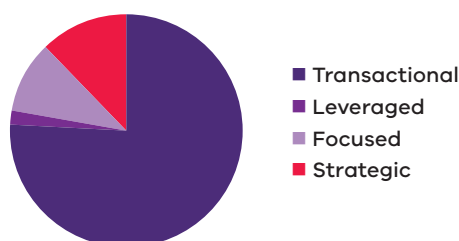
## Top categories of contract approvals

- Professional services
- Agriculture
- Staffing services
- IT and telecoms
- Facilities management

## Highlights

- Moved to a centre-led procurement operating model. The centre-led model and expanded centralised procurement function has delivered \$1.2 million of cost savings and \$2.9 million of cost avoidance.
- Established a business partnering model providing a dedicated team for advice and oversight of all procurement activities.
- Implemented Oracle Cloud Source-to-Contract to complement the Oracle Cloud Procure-to-Pay system also implemented in 2020–21.

### Complexity profile (no. of contracts approved)



### Accountability (at 30 June 2021)

**AO:** Simon Phemister, Secretary

**IPU Chair:** Penelope McKay, Associate Secretary, Office of the Secretary

**CPO:** Jessica Lambous, Executive Director, Investment and Procurement

Note: Contract approval data includes contracts valued higher than \$100 000 only.

### Centre-led procurement function

## Performance

Table 30 sets out DJPR's performance in 2020–21. DJPR was established on 1 January 2019 therefore data is not available for 2018–19.

**TABLE 30: DJPR PERFORMANCE IN 2020–21**

Performance measure	2019–20	2020–21	
	(%)		
<b>Value created from department procurement activity</b>	0.2	1.8	
DJPR moved to a centre-led procurement operating model and invested significantly in procurement capability to enable spend efficiency and continuous compliance improvement. Since its inception, the expanded centralised procurement function has delivered \$1.2 million in cost savings and \$2.9 million in cost avoidance.			
<b>Managed spend</b>	8.2	54.4	
A large increase in managed spend was achieved by the centre-led procurement model.			
<b>Increase in procurement capability</b>	10.6	25.2	
DJPR invested significantly in strategic sourcing, category management, governance, systems, reporting and procurement advisory business partnering resulting in a large increase in capability, from 115 to 144 out of 150.			
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	86	89
	<b>Unsuccessful satisfied</b>	57	42
DJPR performed well overall, including an increase in the percentage of satisfied successful suppliers, but has identified areas for improvement, particularly for unsuccessful suppliers.			
<b>Planned procurement activity as a % of actual procurement activity</b>	38.5	54.0	
Last year's result was heavily impacted by both the COVID-19 and bushfire emergencies. Procurement is engaging with stakeholders in the DJPR business areas to understand future procurement needs. This will be identified through prior 'on hold' procurements, expiring contracts in this financial year and/or future planned and potential unplanned business needs driving new procurement activity.			
While there has also been significant unplanned procurement with regard to COVID-19 and Avian Influenza in 2020 -21, there has been an improved focus on procurement planning and increased resources to perform this function.			

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.

## 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 2020–21

**173**

**one-off supply contract approvals (standard process) valued at \$194.7 million**

**52**

**one-off supply contract approvals (critical incident process) valued at \$440.9 million**

**2**

**SEPC approvals valued at \$7.2 million**

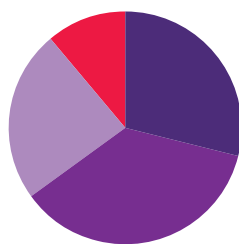
## Top categories of contract approvals

- Travel and accommodation (COVID-19 related)
- Communication and technology
- Professional services
- Outsourced services
- Prisoner services

## Highlights

- Realigned procurement team into a category management operating model.
- Piloted ICT category and introduced a professional and staffing services category.
- Adopted greater technology to inform and support operational restructure and allocation of resources.
- Developed and implemented new VGPB-aligned procurement rules to streamline procurement processes.
- Refreshed and developed new procurement training content to support staff capability uplift.

## Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

## Accountability (at 30 June 2021)

**AO:** Rebecca Falkingham, Secretary  
**IPU Chair and CPO:** Thomai Veginis, CPO, Procurement Services

**Category-based procurement function, with high-value, complex and strategic procurements managed centrally**

## Performance

In 2020–21, DJCS was focused on supporting the department and Victorian public during the State of Emergency, but continued to transition the procurement function to a category management operating model, supported by greater adoption of technology such as Robobai, Jira and Zycus.

The review of procurement processes culminated in the release and implementation of a new procurement policy, with streamlined processes empowering the business to make low-value, transactional procurements through SPCs and leaving Procurement Services to focus on managing high-value, strategic procurement and detailed category analysis to enable strategic buying.

Work and resources were redistributed within Procurement Services to align with the new operating model. The start of a revised training program toward the end of 2020–21 leaves the department well placed for capability uplift and process improvement in 2021–22.

Table 31 sets out DJCS's performance in 2020–21, compared with the two previous years.

Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 31: DJCS PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	17.3	10.0	4.7	
DJCS recorded an increase in savings of \$20 million compared with 2019–20, but total spend increased in 2020–21, which is reflected in this lower percentage.				
<b>Managed spend</b>	n/a	–	76.0	
The re-organisation of the procurement function and the work to establish a category management operating model has influenced the rate of managed spend reported in 2020–21. New system tools have enabled Procurement Services to review the department's spend and inform its procurement strategy and direction.				
<b>Increase in procurement capability *</b>	-1.7	2.6	5.9	
Procurement Services capability improved this year with noted improvements in the areas of risk identification and management, alignment of skills needed by staff with procurement objectives, accuracy of expenditure reporting and tracking, active management of supplier relationships throughout the procurement process, and performance management of the procurement function.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	100	69	90
	<b>Unsuccessful satisfied</b>	0	33	50
To improve performance in this area, DJCS continued to centrally coordinate and distribute survey invitations soon after the end of the procurement process. DJCS's overall communication and engagement with suppliers improved, along with the overall number and response rate of suppliers participating in the 2020–21 satisfaction survey. DJCS will continue to ensure it provides clear information and communicates regularly with suppliers throughout next year.				
<b>Planned procurement activity as a % of actual procurement activity</b>	24.0	24.9	17.6	
DJCS needed to reprioritise activities under the State of Emergency, leading to a decrease in this performance measure. Greater adoption of Jira by Procurement Services staff and the introduction of work pipeline reporting as a standing item in senior leadership meetings enabled issues to be tracked and drove more strategic management of procurement activities overall. Under the new category management operating model, DJCS will have more oversight of new and larger value procurement activities.				

\* Procurement capability scores were reported incorrectly in 2018–19 and 2019–20. These scores have been revised. Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.



## 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 is the lead agency for ICT SPCs. Contracts include software applications and licensing, hardware, telecommunications, and eServices and IT infrastructure registers.

Three new entities were created in DPC in 2020–21: Alternative Quarantine Accommodation, Breakthrough Victoria and Digital Victoria. DPC had several machinery of government changes – two portfolios transferred into DPC (Wage Inspectorate Victoria on 1 July 2020 and Cenitex on 1 August 2020) and three portfolios transferred out (Fairer Victoria, Victorian Multicultural Commission and Victorian Veteran's Council).

### Procurement profile in 2020–21

**65**

**one-off supply contract approvals (standard process) valued at \$44.7 million**

**13**

**one-off supply contract approvals (critical incident process) valued at \$3.1 million**

**2**

**SPC approvals valued at \$84.8 million**

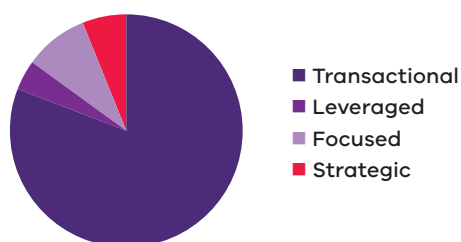
## Top categories of contract approvals

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

## Highlights

- Improved contract management capability.
- Best and final offers from 39 procurement activities identified a total saving of \$5.8 million.
- Completed VGPB audit recommendation activities.

### Complexity profile (no. of contracts approved)



### Decentralised procurement function

#### Accountability (at 30 June 2021)

**AO:** Jeremi Moule, Secretary

**IPU Chair:** Genevieve Dolan, Executive Director, Corporate Services, Cabinet, Communications and Corporate

**CPO:** Kylie Callander, CPO, Corporate Services

Note: Contract approval data includes contracts valued higher than \$100 000 only.

## Performance

In 2020–21, DPC applied a stronger focus on improving governance. Another priority focus was responsiveness to critical incident procurements related to COVID-19, as was a commitment to procurement service delivery. The Procurement Branch continued to provide the department with consistent, quality procurement advice and partnered with business areas on complex procurements.

An improvement to category management within whole of Victorian Government ICT SPCs, and a focus on savings/benefits realisation contributed to improved capability across DPC.

Table 32 sets out DPC's performance in 2020–21, compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 32: DPC PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	0.3	1.9	5.3	
The increase in value created reflects improved procurement processes and governance across DPC. DPC's business areas were encouraged to include best and final offer processes in their negotiations. Better manual reporting processes were implemented this year, resulting in better capture of savings in the procurement register and via procurement documentation. DPC is planning to transition to a new procurement application as part of the Common Corporate Platforms Program that will improve savings reporting, cost avoidance and benefits tracking. Implementation was originally planned for 2020–21 but was postponed to enable a smooth transition to a WoVG single instance procurement system.				
<b>Managed spend</b>	n/a	29.3	29.8	
Continued impacts of COVID-19 affected improvements to managed spend.				
<b>Increase in procurement capability</b>	10.0	11.8*	7.4	
Procurement capability increased mainly due to improvements in contract management processes. Specialised training in contract management was created and presented to several business areas. Uplift in procurement capability is being addressed through improved communication and governance information.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	84	100	73
	<b>Unsuccessful satisfied</b>	66	75	64
DPC experienced a drop in satisfaction from successful and unsuccessful suppliers. Suppliers reported dissatisfaction with: <ul style="list-style-type: none"> <li>• timeliness of the process (evaluation and advice)</li> <li>• lack of clarity of the information provided.</li> </ul> This is most likely attributed to DPC's critical response to COVID-19 which resulted in short turnaround times, project delays, moving priorities and evaluation timeliness. Procurement requirements were untested and urgent in several markets and may have led to suppliers reporting on lack of information clarity.				
<b>Planned procurement activity as a % of actual procurement activity</b>	30.1	50.0	45.0	
DPC implemented improvements to actively work with business areas in maintaining currency of the forward procurement activity plan. Branch budgets were delayed until November 2020 which meant a low response at the time the forward plan was put together. Several planned activities were cancelled due to re-prioritisation of projects due to COVID-19.				

\* The procurement capability score was reported incorrectly in 2019–20. This score has been revised.

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.

## 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.

Since 1 July 2019, VicRoads and Public Transport Victoria came together with DoT to create a properly integrated transport department – in step with other global cities. DoT's purpose is to deliver simple, safe, connected journeys for people and for freight.

### Procurement profile in 2020–21

**51**

**one-off supply contract approvals (standard process) valued at \$84.3 million**

**1**

**one-off supply contract approvals (critical incident process) valued at \$0.16 million**

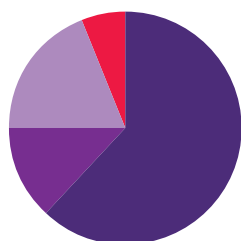
**1**

**SEPC approval valued at \$20 million**

## Top categories of contract approvals

- Registration and licensing
- Fisheries and aquaculture – administrative
- IT and telecommunications
- Professional services
- Facilities and property management

### Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

## Highlights

- Achieving VGPB accreditation for the integrated DoT.
- Implementing Phase 1 of Zycus and Oracle Cloud in February 2021, with Phase 2 to be implemented in August 2021.
- Awarded \$700 000 cleaning contract to Aboriginal supplier.
- Upskilled more than 2 000 staff for Zycus implementation.
- Established the Aboriginal Procurement Working Group, with 34 members, which includes cross-departmental representation and portfolio transport agencies (MTIA, Suburban Rail Loop Project, Rail Projects Victoria, V/Line, VicTrack and Transport Accident Commission).

### Accountability (at 30 June 2021)

**AO:** Paul Younis, Secretary

**IPU Chair:** Janine Haddow, Procurement Advisory Committee Chair (Independent External Committee Chair)

**CPO:** Lisa Williams, CPO

### Centre-led procurement function

## Performance

Overall DoT performed relatively well given the impacts of COVID-19. The implementation of a single source-to-contract system will enable procurement to build capability, apply controls and use automation to increase compliance.

Table 33 sets out DoT's performance in 2020–21. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 33: DOT PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	4.8	2.2	4.5	
DoT increased procurement involvement at the start of the procurement process ensuring DoT Procurement is involved in commercial decisions and negotiations. A savings register has been created and is regularly populated by procurement managers. A DoT Efficiency and Refinement Committee has been established to identify saving opportunities.				
<b>Managed spend</b>	n/a	79.8	78.8	
DoT Procurement continued to perform well, managing about 79% of the department's spend. For strategic projects, DoT Procurement will be embedding resources to ensure that Procurement is involved in commercial decisions and negotiations.				
<b>Increase in procurement capability</b>	5.8	18.7	1.4	
DoT has seen a year-on-year increase in procurement capability. This year, DoT was focused on implementing its eProcurement system, Zycus, which will help with tracking and managing savings. Procurement training is mandatory for financial delegates and will be implemented in 2021–22. DoT Procurement also rolled out a full suite of procurement, probity and procurement legal training across the business and internally within the Procurement Division.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	96	69	82
	<b>Unsuccessful satisfied</b>	24	26	22
DoT improved communication with suppliers and facilitated industry briefing sessions and tender debriefs.				
These results are based on a low survey response rate from suppliers with surveys sent at the end of the year. Next year, surveys will be sent to suppliers on a quarterly basis to increase response rates.				
<b>Planned procurement activity as a % of actual procurement activity</b>	66.7	10.5	11.6	
With COVID-19, many planned procurement activities did not occur, but there was a small improvement due to DoT Procurement facilitating better planning with business areas to develop a more rigorous forward activity plan focused on business needs and expiring contracts. DoT is focused on achieving more savings next year, with pre-planning required to drive value.				

Refer to Table 11: Performance measure methodology in the compliance section for a definition of performance measures.

## 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's work supports decisions on the most effective ways government funding can be used to improve the living standards of all Victorians.

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

### Procurement profile in 2020–21

**22**

**one-off supply contract approvals (standard process) valued at \$15.7 million**

**2**

**SPC approvals valued at \$900 million**

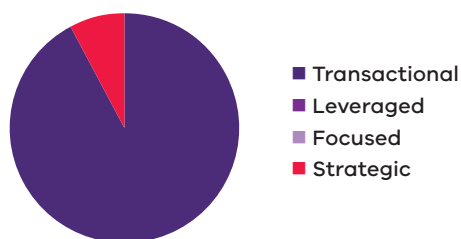
## Top categories of contract approvals

- Professional advisory services
- Staffing services
- eServices
- ICT hosting and services (CenITex mandated supplier)
- Marketing services register

## Highlights

- Implemented Oracle – Generation 2 as DTF's financial system.
- Maintained ISO certification including procurement process.
- Improved capacity and capability in the Procurement Resource Unit to support the business and drive better value-for-money outcomes.
- Supported the successful transition of the Social Procurement Framework to DJPR.
- Supported the Government's procurement reform program by developing a program to collect and analyse departmental spend data from across government (Robobai).

## Complexity profile (no. of contracts approved)



## Accountability (at 30 June 2021)

**AO:** David Martine, Secretary

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

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

Note: Contract approval data includes contracts valued higher than \$100 000 only.

**Decentralised procurement function (central approvals process for contracts over \$10 000)**

## Performance

During the unprecedented workplace and economic disruption caused by the COVID-19 pandemic, DTF maintained and in some instances improved its procurement function in 2020–21. This is evidenced by the improved value for money, capability and supplier satisfaction outcomes.

Table 34 sets out DTF's performance in 2020–21, compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 34: DTF PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(% )			
<b>Value created from department procurement activity</b>	37.2	11.9	14.2	
DTF's results have improved by more than 2% as a result of specific activities designed to improve savings. DTF continued to advise teams to conduct competitive market engagement to achieve better value-for-money outcomes and started a program of directly supporting procuring teams to negotiate better contract outcomes.				
<b>Managed spend</b>	n/a	97.6	98.0	
DTF's procurement function reviews or carries out the majority of the department's goods and services procurement.				
<b>Increase in procurement capability</b>	6.0	3.4	0.8	
The department has increased resourcing allocated to the Procurement Resource Unit in the latter part of the year to increase direct engagement with procuring teams. The department's continued positive capability assessment result has remained strong despite the disruptions caused by the COVID-19 pandemic.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	90	100	100
	<b>Unsuccessful satisfied</b>	46	55	100
Despite a lower rate of responses this year, the results show a significant improvement in relation to unsuccessful suppliers.				
<b>Planned procurement activity as a % of actual procurement activity</b>	56.5	59.1	44.8	
During 2020–21, DTF has been responsive to the Government's strategy to focus on economic recovery as the state emerges from the COVID-19 pandemic. As a result, the level of planned procurement decreased slightly.				

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.



## 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 is underpinned by a centre-led team of procurement experts who participate in, or oversee all procurement activity.

Cenitex's major categories of ICT procurement spend are hardware, software, data centre and telecommunications, professional services and corporate services.

### Procurement profile in 2020–21

7

**one-off supply contract approvals (standard process) valued at \$27.7 million**

1

**SEPC approval valued at \$6.0 million**

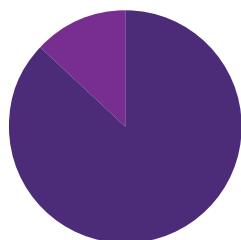
## Top categories of contract approvals

- Network equipment products and services
- Project and professional services
- Software
- Contractor engagements (individuals)
- Training and development

## Highlights

- Researched, drafted and got executive approval for a toolset roadmap, *Modernising the Cenitex Procurement Ecosystem*.
- Delivered more than \$4 million in independently verified cost savings/avoidance.
- Use of Cenitex panels (hosted in VendorPanel) increased by an average of 228%, showing a successful move to how Cenitex manages low-value, low-risk activity.
- Finalised the market approach and established a contract for Disaster Recovery as a Service.
- Completed Cenitex's first VGPB audit and related actions.

### Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

### Accountability (at 30 June 2021)

**AO:** Frances Cawthra, Chief Executive Officer

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

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

### Centre-led procurement function

Note: Contract approval data includes contracts valued higher than \$100 000 only.

## Performance

Table 35 sets out Cenitex's performance in 2020–21 compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 35: CENITEX PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	7.5	10.8	2.7	
Cenitex performed well by delivering \$4.2 million in benefits. Last year, Cenitex introduced a 'benefits rationale' signoff between the business stakeholders and procurement. Every benefit has been independently verified by the business and finance stakeholders. Cenitex's PowerBI dashboards have been expanded to include benefits management and is connected to its finance team and related organisations benefit reporting. The decrease in the year-on-year comparison relates to a change in the VGPB methodology for this performance measure as organisations now include SPC spend in their total annual spend. Savings excluding SPC spend were 15%.				
<b>Managed spend</b>	n/a	100	100	
Procurement oversees all Cenitex spend, either via direct management or governance through system controls, with close alignment to finance processes and systems. The organisation's 'no purchase order, no pay' policy ensures all goods and services spend receives procurement oversight.				
<b>Increase in procurement capability</b>	2.7	8.6	0.8	
The increase in procurement capability is due to Cenitex maintaining all of its existing governance and processes that support procurement capability and adding a skills assessment database, which enables training needs analysis to be undertaken to identify key skills required per role.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	100	67	100
	<b>Unsuccessful satisfied</b>	50	40	33
The increase in satisfied suppliers is most likely due to the work started in 2019–20 to document more sourcing processes and update all templates, which has improved communication and timeliness for suppliers, as well as process improvements end-to-end. This was reflected in the survey results with improved scores in the timeliness of being notified of the outcome and being kept informed during the evaluation process. Satisfaction was related to effective communication, clear information/evaluation criteria and a simple/straightforward process.				
Cenitex has developed a sourcing service catalogue focused on a 'fit-for-purpose' process, appropriate to the scope and complexity of the procurement need. This should contribute to maintaining timely and simple/straightforward processes. This should also contribute to improving some of the dissatisfaction measures, namely unclear information/evaluation criteria and the burden of submission requirements.				
The results for dissatisfied suppliers decreased but were based on a low response rate.				
<b>Planned procurement activity as a % of actual procurement activity</b>	22.2	35.7	57.7	
This measure has improved as a result of the effort put into dedicated stakeholder engagement and data quality review of the content in the forward activity plan. Some improvements have been made to integrate budget planning initiatives with procurement's sourcing pipeline. More work is planned for 2021–22 to structure regular reviews of forward plan activity against work priorities in progress and/or the pipeline, leveraging a stakeholder engagement plan framework.				

Refer to Table 11: Performance measure methodology in the compliance section for a definition of performance measures.

## Major Transport Infrastructure Authority

The Major Transport Infrastructure Authority (MTIA) is an administrative office of DoT. MTIA was established on 1 January 2019 to oversee major transport projects in Victoria.

MTIA's Director-General is accountable to the Secretary of DoT. For operational purposes the DoT Secretary has delegated authority to the Director-General to manage the day-to-day conduct of MTIA.

MTIA is responsible for the Government's 'big build' transport construction program across five key projects: North East Link Project, Level Crossing Removal Project, West Gate Tunnel Project, Major Road Projects Victoria and Rail Projects Victoria.

### Procurement profile in 2020–21

**54**

**one-off supply contract approvals (standard process) valued at \$35.8 million**

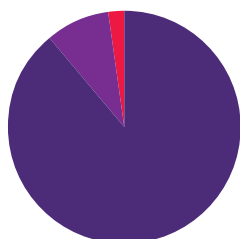
**1**

**SEPC approval valued at \$4.8 million**

## Top categories of contract approvals

- Professional advisory services
- Advertising and media services
- Human resources
- ICT – Goods and services
- Office expenses – Goods and services

### Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

## Highlights

- Achieved uplift in procurement and contract management capability by introducing tailored training for staff working in these functional areas.
- Rolled out extensive integrity awareness training for all members of MTIA including members of procurement and contract management teams.
- Started planning for MTIA to seek VGPB accreditation.
- Significant progress towards implementing new contract management system.
- Improved monthly procurement reporting supported by greater analysis of procurement profile and underlying activities.

### Accountability (at 30 June 2021)

**AO:** Corey Hannett, Director-General

**IPU Chair:** Arthur Apted, Chair, Procurement Oversight Committee, Independent External Member

**CPO:** Juliana Tiong, CPO

**Centre-led procurement (policy, governance and strategy) with dedicated procurement teams in each project office**

## Performance

In 2020–21, MTIA completed an external review of the goods and services procurement function in preparation for seeking VGPB accreditation. This review identified key opportunities related to:

- systems and planning for selection and implementation of a document automation and workflow system to integrate with the current rollout of a new contract management system
- improved data analytics capability through refinement of spend categorisation and capture of related data
- refinement of procurement roles and adjusting the procurement capability framework.

A program of work is under way to address the above and other opportunities, and is expected to take 18–24 months to complete.

Table 36 sets out MTIA's performance in 2020–21. MTIA has previously reported its procurement data through DoT so has no comparative data for previous years.

**TABLE 36: MTIA PERFORMANCE IN 2020–21**

Performance measure	2020–21	
	%	
<b>Value created from department procurement activity</b>	–	
MTIA could not track this measure in 2020–21 but will roll out a new financial and contract management system in late 2021 which will enable MTIA to track this information.		
<b>Managed spend</b>	71.4	
The performance measure is consistent with the defined role of the central procurement governance unit under the MTIA Procurement Framework. As MTIA works towards VGPB accreditation, the overall governance of MTIA goods and services procurements will continue to be reviewed and refined.		
<b>Increase in procurement capability</b>	–	
In 2020–21, MTIA scored 118 out of 150, but has no data for 2019–20 to measure an increase. During the year, MTIA completed an external review of the goods and services procurement function in preparation for seeking VGPB accreditation. This review identified opportunities related to:		
<ul style="list-style-type: none"> <li>• systems and planning for selection and implementation of a document automation and workflow system to integrate with the current rollout of a new contract management system</li> <li>• improved data analytics capability through refinement of spend categorisation and capture of related data</li> <li>• refining procurement roles and adjusting the procurement capability framework.</li> </ul>		
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	80
	<b>Unsuccessful satisfied</b>	21
MTIA received 54 survey responses (29% response rate). MTIA was rated highly in relation to supply process, submission process and contract management. Areas identified for improvement related to the feedback process and clarity on evaluation process.		
<b>Planned procurement activity as a % of actual procurement activity</b>	78.2	
MTIA has progressively improved the information collected to assist with planning. This will be enhanced with the introduction of a new integrated contract management system and financial system in late 2021.		

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.

## 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 2020–21

19

one-off supply contract approvals (standard process) valued at \$49.8 million

25

one-off supply contract approvals (critical incident process) valued at \$17.3 million

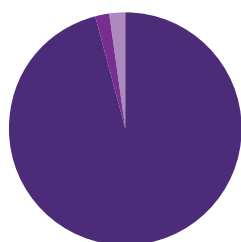
11

SEPCs valued at \$29.1 million

## Top categories of contract approvals

- IT and communications
- Contractors and consultants / corporate support
- Operational support / transportation
- Legal and evidentiary
- Uniform and equipment

## Complexity profile (no. of contracts approved)



- Transactional
- Leveraged
- Focused
- Strategic

## Highlights

- Piloted an electronic procurement tool (Oracle Cloud) on four successful procurement activities (two still in progress). Trained prospective tenderers to use the system. The tool has reduced procurement process time and introduced more efficient processes including remote evaluations where subject matter experts from across the state collaborate on an evaluation more efficiently.
- Piloted DocuSign (electronic signature process) and implementing a change process for a wider deployment.
- Continued to implement the *One Procurement* reform program with 24 packages of work designed to:
  - become a trusted partner focused on customer service
  - be powered by talented and capable people
  - use right-sized processes and effective tools
  - deliver the right outcomes.

## Centre-led procurement function

## Accountability (at 30 June 2021)

**AO:** Shane Patton, Chief Commissioner of Police

**IPU Chair:** Susan Middleditch, Executive and Chair of the Police Procurement Board, Deputy Secretary Corporate and Regulatory Services

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

Note: Contract approval data includes contracts valued higher than \$100 000 only.

## Performance

Table 37 sets out Victoria Police's performance in 2020–21 compared with the two previous years. Managed spend was introduced in 2019–20 as a new performance measure, so comparisons with 2018–19 are unavailable.

**TABLE 37: VICTORIA POLICE PERFORMANCE IN 2020–21**

Performance measure	2018–19	2019–20	2020–21	
	(%)			
<b>Value created from department procurement activity</b>	5.0	3.8*	4.9	
As part of the One Procurement Strategy to deliver the right outcome and achieve better value for money, Victoria Police established a targeted program where procurement practitioners and contract managers were asked to work collaboratively with existing suppliers to reduce costs. Significant cost savings and cost avoidances have included rate reductions and added value through additional goods and/or services. This program will continue in the next years.				
<b>Managed spend</b>	n/a	86.1	82.5	
This year's result reported a managed spend increase of almost \$11 million. However, the value of procurement activities decreased by \$25 million.				
<b>Increase in procurement capability</b>	3.6	-10.4	-4.9	
Victoria Police's self-assessment of capability has decreased slightly, due to re-establishing the baseline for capability through the One Procurement Strategy and developing the 24 initiatives, giving clearer guidance and highlighting areas of improvement. Victoria Police is in the process of delivering contract management training to procurement practitioners and contract managers across the organisation.				
<b>Supplier satisfaction assessment</b>	<b>Successful satisfied</b>	86	93	80
	<b>Unsuccessful satisfied</b>	20	33	0
Victoria Police is transitioning to an eProcurement System. The pilot indicates that this will provide a better platform for both procurement practitioners and suppliers and address some of the areas noted for improvement in the supplier survey, such as clearer and more timely communication, and an accelerated evaluation and approval process.				
The invitation to supply documents, their clarity, content and the submission process was rated higher than the previous year. Contract management was also rated highly.				
<b>Planned procurement activity as a % of actual procurement activity</b>	65.8	82.6	73.2	
The organisation saw a decrease in planned procurement activities due to COVID-19, with more purchases made under the critical incident policy and planned activities from the annual procurement plan deferred.				

\*Incorrectly reported as 4.3 in last year's report.

Refer to *Table 11: Performance measure methodology* in the compliance section for a definition of performance measures.



# Appendix

## SEPC data

Table 38 details the SEPCs approved in 2020–21.

**TABLE 38: BREAKDOWN OF SEPCS APPROVED IN 2020–21**

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
<b>DELWP</b>	Camping Equipment for Base Camps	0.3	1.1	N/A	Strategic	RFT	Closed	1
	Handheld Drip Torches Panel	0.4	3	N/A	Transactional	RFT	Closed	2
	Linen for Base Camps	0.5	1.1	N/A	Transactional	RFT	Closed	1
	Bottled Spring Water 2020–25	0.6	3	N/A	Transactional	RFT	Closed	1
	Panel of Independent Water Recovery Auditors and Reviewers	1.6	6	N/A	Transactional	RFT	Closed	6
	Planning Consultancy Services Panel	2.9	5	N/A	Strategic	RFT	Closed	44
	Cutting Equipment 2020–25	3.6	3	N/A	Transactional	RFT	Closed	1
	Aviation Fuel – Drummed and Bulk Aviation Fuel	7.0	5	N/A	Transactional	RFT	Closed	3
	Panel for Provision of Solar Panel Installation Services	7.7	2.3	N/A	Transactional	RFT	Closed	10
	Servicing and Repairs for Forest and Fire Fleet Panel	30.0	4.7	N/A	Focused	RFT	Closed	20
<b>DJCS</b>	Panel of Agile and Digital Suppliers*	3.0	3	2	Focused	RFT	Closed	6
	Security Advisory Services Panel	4.2	3	2	Focused	RFT	Open	7
<b>DoT</b>	Native Fish Master Supply Panel	20.0	3	2	Strategic	RFT	Closed	6
<b>Cenitex</b>	Technical Services Panel	6.0	3	2	Leveraged	RFQ	Closed	13

\* The contract includes a two-year option to extend, but the estimated value for these will be agreed pending the usage and uptake of this new SEPC.

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
<b>MTIA</b>	People and Culture Development Services	4.8	3	2	Transactional	RFT	Closed	16
<b>Victoria Police</b>	Benefits Reporting for the Mobile Automated Number Plate Recognition project	0.1	2.8	..	Transactional	RFQ	Closed	1
	Vuelio Service Agreement	0.1	2	..	Transactional	RFQ	Closed	1
	Automated External Defibrillators (AEDs)	0.2	3	2	Transactional	RFT	Closed	1
	Educator Observation Assessment	0.3	1	..	Transactional	RFT	Closed	1
	VP MAC Social Media Scraping Variation	0.4	2	1	Transactional	RFQ	Closed	1
	Palo Alto Research Center Roadside Drug Detection Device Development – Feasibility Assessment	0.5	1	..	Transactional	RFQ	Closed	1
	Influenza Vaccination Program	0.8	3	2	Transactional	RFT	Closed	1
	Thermal Undergarments	0.8	5	..	Transactional	RFT	Closed	1
	Support and Enhancement of Interpose and Condor	3.3	3	2	Transactional	RFQ	Closed	1
	Regional Disposal Hub Services	6.0	3	2	Focused	RFT	Closed	7
	Preliminary Oral Fluid Test Kits for Roadside Drug Testing	16.6	2	2	Transactional	RFQ	Closed	1
<b>Total</b>		<b>121.7</b>						

# Abbreviations

<b>AO</b>	Accountable officer	<b>GST</b>	Goods and services tax
<b>ASR</b>	Annual supply report	<b>IBAC</b>	Independent Broad-based Anti-corruption Commission
<b>CPO</b>	Chief procurement officer	<b>ICT</b>	Information and communications technology
<b>DEDJTR</b>	Department of Economic Development, Jobs, Transport and Resources	<b>IPU</b>	Internal procurement unit
<b>DELWP</b>	Department of Environment, Land, Water and Planning	<b>IT</b>	Information technology
<b>DET</b>	Department of Education and Training	<b>MTIA</b>	Major Transport Infrastructure Authority
<b>DFFH</b>	Department of Families, Fairness and Housing	<b>PAS</b>	Professional advisory services
<b>DH</b>	Department of Health	<b>PPE</b>	Personal protective equipment
<b>DHHS</b>	Department of Health and Human Services	<b>PSAC</b>	Public Sector Administrative Committee
<b>DJCS</b>	Department of Justice and Community Safety	<b>RFQ</b>	Request for quotation
<b>DJPR</b>	Department of Jobs, Precincts and Regions	<b>RFT</b>	Request for tender
<b>DPC</b>	Department of Premier and Cabinet	<b>SEPC</b>	Sole entity purchase contract
<b>DoT</b>	Department of Transport	<b>SPC</b>	State purchase contract
<b>DTF</b>	Department of Treasury and Finance	<b>VFA</b>	Victorian Fisheries Authority
<b>FMA</b>	Financial Management Act 1994	<b>VGPB</b>	Victorian Government Purchasing Board
		<b>WoVG</b>	Whole of Victorian Government

For a full glossary of terms, refer to [buyingfor.vic.gov.au/glossary-goods-and-services](https://buyingfor.vic.gov.au/glossary-goods-and-services)

## Victorian Government Purchasing Board Annual Report 2020–21

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