



Annual report

2023/24



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Message from the Chair

Over the past year, the Victorian Government Purchasing Board (VGPB) oversaw the delivery of the final milestones in its 2021–2023 strategic plan and, in January, the Board held a planning workshop to consider its strategic priorities for the next three years.

A key milestone delivered against our procurement capability priority was the launch of the Procurement Knowledge Hub.

The VGPB policies now cover 10 government departments and over 150 agencies. Reflecting this larger coverage, continued complexity in the procurement environment including growth in artificial intelligence, and a renewed focus on costs, the Board has established a set of four strategic priorities to guide its activities in the coming years. These priorities are to:

- Streamline procurement for buyers and suppliers and facilitate data-driven decisions
- Build procurement capability to support good decision-making
- Engage to support good procurement
- Create fit-for-purpose procurement policy.

In 2023, the Board introduced a new strategic priority to uplift procurement capability across the Victorian Government. This priority has been maintained and will continue to be one of our key areas of focus.

Our strategic priorities

A key milestone delivered against our procurement capability priority was the launch of the Procurement Knowledge Hub. The Hub is an online platform where agencies can access eLearning courses and resources developed by the Department of Government Services (DGS) tailored to the VGPB policy framework. In 2023–24, the VGPB launched the ‘Introduction to Procurement’ series of eLearning courses to help broaden procurement capability across departments and agencies.

Our data analytics capabilities also continued to evolve, with a range of high-quality dashboards and reports giving state purchase contract (SPC) category managers and departmental chief procurement officers (CPOs) insights to enable informed decision making.

The introduction of the Digital Marketplace and Supplier Hub were important milestones to simplify and streamline the procurement process for buyers and suppliers. The Digital Marketplace is an online platform that enables buyers to purchase from SPCs and registers, managing the entire source-to-award process in one place. Linked to this platform, the Supplier Hub allows suppliers to centrally update their business information, eliminating the need to register separately with each Victorian Government department and agency they engage with. Over the year, seven SPCs and registers were added to the Digital Marketplace and more than 1 300 suppliers registered on the Supplier Hub.

Message from the Chair



On the policy front, our key achievement was finalising changes to VGPB policy to support collaboration between agencies in their procurement processes. The changes clarify the authorising environment for agencies when collaborating and provide guidance on appropriate procurement models and governance arrangements to support both value for money and good governance in collaborative procurement.

Stakeholder engagement

Engagement has also been a key focus for the VGPB over the year to support agencies to complete their transition to the VGPB policy framework and greater use of SPCs. The Board welcomed nine department and agency CPOs to its Board meetings during the year to present their procurement profiles. DGS has also been connecting with many agencies throughout the year, providing advice and support for the transition. These engagements help deepen the VGPB's understanding of the diversity of procurement across VGPB agencies to better inform the VGPB's priorities and activities.

Board renewal

In 2023–24, I was both humbled and excited to be appointed for a second three-year term as VGPB Chair. I look forward to working with DGS and continuing to support the Minister for Government Services to progress the Government's vision for procurement.

During the year, we reappointed Board members Raoul Wainwright and Peter Gluskie for a second three-year term and Claire Thomas was reappointed for a third three-year term. The Board will continue to benefit from the expertise and insightful perspectives of Raoul, Peter and Claire.

In July 2024, we will welcome new member, Helen Vaughan, to the Board. Helen is an experienced senior public sector leader with extensive experience in corporate governance, providing advice to Ministers and Boards, and leading reform. I look forward to the continued contribution from Raoul, Peter and Claire and to welcoming Helen to the Board.

I would like to thank departing Board member Samantha Winter. Samantha was a valuable member of the Board over the past three years. We wish Samantha well with her future endeavours

Seat at the Table program

During the year, the VGPB hosted two participants from the Seat at the Table leadership program. Run by the Centre for Multicultural Youth, this program aims to address underrepresentation of young multicultural women in governance and leadership positions by placing participants with boards and committees to observe governance structures.

To support the program's objectives and provide real-life experience and exposure to leadership, strategic planning and decision-making, each participant attended up to three VGPB meetings. I was also pleased to meet with the participants both before and after each meeting to discuss the papers and answer questions. I was impressed by their curiosity and dedication to learning from the program.

The Board was pleased to support this program and help pave the way for a more equitable future that reflects the diversity of the community.

Once again, I thank the team in DGS for their hard work and support to the VGPB. I also wish to thank the CPOs of the departments and agencies and their teams for their cooperation and support in helping us progress our strategic priorities.



Nadine Lennie
Chair, Victorian Government
Purchasing Board



The VGPB at a glance

The Victorian Government Purchasing Board (VGPB) is a Victorian Government-owned body corporate established under the *Financial Management Act 1994* (FMA) which reports to the Minister for Government Services. The VGPB sets the policy framework for goods and services procurement to deliver value-for-money outcomes for Victoria.

For more information on the VGPB and its functions, visit [About the VGPB](#) on the Buying for Victoria website.

This annual report summarises the work carried out during the financial year from 1 July 2023 to 30 June 2024.

This report is required under section 54M of the FMA and is available for download on the [Buying for Victoria](#) website in PDF and accessible online format.

Board meetings

The Board meets once every two months to discuss procurement policy and practices, and the progress of its work program. The VGPB collaborates with a broad range of stakeholders across the Victorian Government to help drive strategic outcomes. The Board held six regular meetings and one strategic planning session in 2023–24.

TABLE 1: BOARD MEETING ATTENDANCE IN 2023–24

Board member	Member since	Meetings attended	Planning days attended
Nadine Lennie (Chair)	10 October 2020	6 of 6	1 of 1
Charleene Mundine	1 July 2022	6 of 6	1 of 1
Claire Thomas	1 July 2018	6 of 6	1 of 1
Denise Dyer	1 July 2019	5 of 6	1 of 1
Peter Gluskie	3 August 2021	6 of 6	1 of 1
Peter Lane	1 July 2019	6 of 6	1 of 1
Raoul Wainwright	1 June 2021	6 of 6	1 of 1
Samantha Winter	10 October 2020	1 of 1*	0 of 0*

* *Samantha Winter's term on the Board concluded on 9 October 2023.*

The VGPB at a glance



Board members

Five VGPB member appointments were approved in 2023–24. In October 2023, Nadine Lennie was reappointed as Chair of the Board for a second term. Raoul Wainwright and Peter Gluskie were also reappointed for a second three-year term, while Claire Thomas was reappointed for a third three-year term. New member Helen Vaughan will commence her term on 1 July 2024.

Departing member Samantha Winter concluded her term on the Board in October 2023.



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 in government policy frameworks along with expertise in leadership and board management.

Nadine is currently the Group Chief Financial Officer at Transgrid, having previously held the position of Group Chief Financial Officer at Atlas Arteria, an international toll road company based in Melbourne.



Charleene Mundine

Charleene Mundine is a procurement professional with experience in a diverse range of delivery environments, including large infrastructure and multidisciplinary building projects. Charleene is the Founder and Director of DLCM, an organisation supporting First Nations and socially diverse communities.

Leveraging her cultural heritage as a Wehabal woman from the West Bundjalung nation, Charleene works with government, non-profit and corporate sectors to improve economic participation for First Nations people through procurement and employment strategies.



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 currently an independent member of the Department of Justice and Community Safety 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 Denise 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. Denise is currently the Associate Director campus and asset services at Swinburne University of Technology.

The VGPB at a glance



Peter Gluskie

Peter Gluskie is an information and communications technology (ICT) professional with significant procurement experience in a range of sectors including technology, telecommunications, supply chain and fast-moving consumer goods organisations.

Peter brings to the VGPB significant experience leading complex technology transformation projects and procurements, along with expertise in governance, data and insights, complex problem-solving and financial management. Peter is currently a director/principal at Eagle Advantage Pty Ltd, a program management and strategy delivery consultancy.



Peter Lane

Peter Lane is a senior executive and technology leader with extensive experience leading digital transformation across the public, private and not-for-profit sectors.

Peter brings a strategic approach to technology governance, risk and compliance, and his previous roles in the Victorian Public Service have equipped him with a deep understanding of the public sector's unique procurement needs and challenges.

Peter provides leadership and expertise to the VGPB, particularly in relation to technology procurement, procurement systems and the application of advanced data analytics to drive improved procurement outcomes.



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.



Samantha Winter

Samantha Winter is an accomplished finance executive, non-executive director and audit and risk committee chair. Samantha brings extensive commercial expertise, including significant goods and services procurement across the private and not-for-profit sectors. Samantha has a wealth of knowledge and experience in strategic planning, ICT and project delivery, business improvement and general management in a range of complex service organisations overseeing diverse operations and stakeholders.

The VGPB at a glance



Assessing the VGPB's performance

Each year, VGPB members conduct individual and Board assessments of performance over the previous 12 months and identify opportunities for improvement. In line with good practice guidance from the Victorian Public Sector Commission, the self-assessment considers several key areas, including the fulfilment of legislative requirements, strategic leadership, governance, Board meetings and decision-making, integrity, diversity, and stakeholder relationships.

Board members reflected on the VGPB's strong focus on strategic leadership, decision making and meaningful engagement with stakeholders noting key themes aligned to the VGPB's strategic priorities.

Consistent with previous years, Board members acknowledged the VGPB's strong performance in meeting its legislative requirements, attributing this to achievements gained on the procurement dataset, compliance mechanisms including the audit program, and updates to the VGPB policies.

Members also recognised the value of ongoing initiatives, such as simplifying procurement policies and guidance, providing feedback on SPC opportunities and business cases, and enhancing data management. Board member feedback reflected a shift in focus aligned with the VGPB's 2024–26 strategic priorities, including capability building, broader stakeholder engagement and the integration of artificial intelligence in procurement.





Streamline procurement for buyers and suppliers and facilitate data-driven decisions

Good procurement systems and data analytics are the cornerstones of modern procurement. Procurement systems enable efficiency and control over the purchasing process, while good data provides valuable business intelligence and actionable insights.

The Digital Marketplace and Supplier Hub provide a central platform for government to buy from SPCs and for suppliers to register their details.

In the last year, under the oversight of the VGPB, the DGS team expanded its procurement analytics function and continued rolling out the Digital Marketplace and Supplier Hub.

Procurement spend data and analysis function

In 2023–24, the DGS team used its broad procurement dataset to expand its analytical dashboards to include new areas including SPC benefits. Dashboards were also developed to identify and manage SPC leakage and inform data-driven decisions. The dashboards enable more effective SPC category management by supporting category managers to identify patterns, trends, opportunities and gaps in service provision, and to monitor spend, benefits, compliance and performance.

Additional dashboards were also established to give departments a detailed breakdown of their direct spend with social benefit suppliers approved under the [Social Procurement Framework](#) (SPF). Departments can use the dashboards to extract data for their annual reports and for the Victorian Government SPF reporting.

Digital Marketplace and Supplier Hub

A key milestone was reached this year with DGS continuing the rollout of the Digital Marketplace and launching the Supplier Hub. The Digital Marketplace and Supplier Hub provide a central platform for government to buy from SPCs and for suppliers to register their details. Read the following case study for more on this initiative.



CASE STUDY

Digital transformation simplifies buying and supplying across government

Doing business with government is easier than ever with the Victorian Government's Digital Marketplace. Launched in February 2023, this user-friendly online platform makes it easier for government to buy from SPCs and registers.

Over the past year, more SPCs and registers have been added to the Digital Marketplace. It now includes nine information technology (IT) SPCs and registers, including eServices, the state's largest technology register.

Buyers can initiate, manage and award requests for quotes, and access supplier information all in one place.

The sign-up process for suppliers is also much improved. Suppliers can apply to join the eServices register through a simple digital application with any questions handled quickly and easily through the platform's chat function and by the dedicated Supplier Hub and SPC support team.

The Supplier Hub was integrated into the Digital Marketplace in 2022–23, giving suppliers a centralised platform to register their business details for access by all government buyers. More than 1 900 suppliers have registered on the Supplier Hub in 2023–24. Supplier profiles include important information such as insurance and social procurement accreditation.

Buyers can initiate, manage and award requests for quotes, and access supplier information all in one place.

The Supplier Hub makes it easier for government buyers to identify businesses by capability and region, as well as certified social enterprises and Aboriginal-owned businesses. Over time, the Supplier Hub will remove the duplication for suppliers registering their business details with multiple government entities.

More SPCs and registers will be migrated onto the Digital Marketplace in 2024–25, making procurement even easier for buyers and suppliers.



Build procurement capability to support good decision making

In early 2023, the VGPB and departmental CPOs identified building procurement capability as an emerging priority for the Board. To support this priority, DGS is developing a series of eLearning courses tailored to the VGPB policy framework for buyers across government. DGS also continues to deliver regular peer-to-peer learning sessions for procurement professionals.

Across the Victorian Government, procurement is largely delivered through decentralised operating models. Most low and medium-value procurements are carried out by buyers in the business units of government agencies, supported by procurement specialists. Capability building activities are being designed to suit both procurement specialists and other government buyers, recognising their differing needs.

Whole of Victorian Government Procurement Officers' Meeting

DGS hosts a series of peer-to-peer learning events throughout the year known as the Procurement Officers' Meeting. These events bring together around 200 procurement practitioners from across departments and agencies to share and learn from each other. Five meetings were held in 2023–24 covering procurement and related policies and guidance updates with a focus on contract management as the procurement practice theme for the year.

Launch of the Procurement Knowledge Hub

The VGPB is overseeing development of a series of eLearning courses to support departments and agencies to lift procurement capability. In late 2023, DGS launched the Procurement Knowledge Hub (the Hub), a centralised platform for procurement professionals and general government buyers across departments and agencies. Users can complete eLearning courses, access guidance, download tools and templates, request support and register for upcoming events.

March 2024 marked a key milestone with the launch of the first eLearning courses in the Introduction to Procurement series. Targeted to those new to procurement, buyers can access these interactive courses to learn more about Victorian Government procurement policies for goods and services and build foundational procurement skills.

Course content is aligned with the VGPB policy framework with lots of practical advice and examples. Courses are easy to follow and have been designed to suit the needs of different buyers across the Victorian Government.

Other more advanced courses have since been added, including evaluating and selecting offers. More content will be developed over the coming year to support buyers to build their expertise and deliver good procurement outcomes for Victoria. Agencies can also access training on other policy areas on the Hub, such as the Social Procurement Framework.

Read the following case study to learn how the Hub is providing benefits.



CASE STUDY

A game-changer in procurement – lifting capability across VMIA’s procurement team through eLearning on the Hub

The Victorian Managed Insurance Authority (VMIA) gained early access to the Hub’s eLearning courses, allowing them to build capability without the cost and time needed for in-house development.

VMIA identified a need to enhance procurement skills within its internal procurement unit (IPU) and leadership team and align themselves with the VGPB’s policy framework. They approached DGS to request early access to the courses, aiming to roll out procurement education across their business units to meet their capability plan targets.

Both IPU members and senior leaders found the courses to be highly relevant to their needs. One IPU member described the Knowledge Hub as a ‘a game-changer’ for the IPU team, noting that, ‘the materials are comprehensive and highly relevant to our specific procurement environment. We’ve seen a noticeable improvement in our procurement efficiency and effectiveness.’

Senior leaders – who tend not to be procurement specialists – also benefitted from the course, gaining critical knowledge of Victorian Government procurement processes. VMIA’s Head of Financial Accounting praised the course quality, stating, ‘I feel more equipped and understand government procurement processes better.’

The Hub saved VMIA time and money through staff training on VGPB policy and best practices in supplier engagement. The Procurement and Contracts Manager observed that the

I feel more equipped and understand government procurement processes better

VMIA’s Head of Financial Accounting

increased procurement knowledge among senior leaders had led to more efficient and timely management of procurement processes. This initiative paves the way for continuous improvement in their procurement practices.

Feedback to date has been positive. Approximately 400 buyers have registered for courses on the Hub, and the ‘Introduction to Procurement’ course has received a five-star rating.

ABOUT VMIA

VMIA is the Victorian Government’s insurer and risk adviser, covering the people, places and projects that help Victorians thrive.



Engage to support good procurement

Deliver the expansion program

In 2021, the VGPB expanded its goods and services procurement policy framework to include approximately a further 125 agencies. After a two-year transition period, expansion agencies now assess their compliance with the VGPB policy framework under the attestation process set by the [Standing Directions 2018](#) under the *Financial Management Act 1994* (2018 Directions). Refer to the *Compliance* section to see how agencies have assessed their progress with implementing the VGPB policies.

Transition to state purchase contracts

Incoming agencies are now completing their transition to SPCs as existing contracts expire. SPCs can reduce the time and money spent on procuring commonly purchased goods and services. They offer access to aggregated demand, increased contract efficiency through pre-agreed contract terms, and centralised supplier due diligence, oversight and contract management.



The broader application of VGPB policies is embedding consistent best practice procurement governance arrangements and processes across government.

The broader application of VGPB policies is embedding consistent best practice procurement governance arrangements and processes across government. It also provides greater oversight of government spending with the wider use of SPCs.

Engage to support good procurement



Engagement

The VGPB values strong engagement and staying connected with CPOs to get feedback on its work program. This helps ensure that VGPB policies and activities are fit-for-purpose. Throughout 2023–24, the Board continued its series of CPO presentations, inviting CPOs from various departments and expansion agencies to share their procurement experiences and insights (see Figure 1). Each presentation helps the VGPB build a stronger understanding of procurement ‘on the ground’, while also hearing firsthand about stakeholders’ perspectives and concerns. This collaboration between the VGPB and CPOs helps achieve good procurement outcomes. For agencies transitioning to VGPB policies and SPCs, it’s also an opportunity to access direct transition support from the VGPB. This support is reinforced by DGS who provide one-on-one check-ins with all agency CPOs.

Departments and agencies can also seek Board member expertise and input on high-value strategic procurements. In 2023–24, Victoria Police sought Board member advice for two complex, high-value procurements. Board members provided insights and advice to support achieving a value-for-money outcome, which was well received by Victoria Police.

DGS manages an online Buyers’ Community of Practice group on the Victorian Public Sector Innovation Network, which provides additional support to all government buyers. The Buyers’ Community of Practice has grown to more than 1 000 members, giving procurement professionals across government access to policy updates, resources and materials.

FIGURE 1: CPO PRESENTATIONS AT VGPB MEETINGS IN 2023–24

August 2023

- Melbourne Convention and Exhibition Centre
- Melbourne Polytechnic

October 2023

- Phillip Island Nature Parks
- Zoos Victoria

December 2023

- Melbourne Water
- Victorian Managed Insurance Authority

February 2024

- Department of Transport and Planning

April 2024

- Department of Families, Fairness and Housing

June 2024

- Department of Energy, Environment and Climate Action





Create fit-for-purpose procurement policy

A key focus for the VGPB is to simplify and streamline government procurement to make the Victorian Government a buyer of choice. It does this by reviewing and updating its policies, guides and templates to ensure fit-for-purpose procurement. Opportunities are identified through both consultation and ongoing feedback channels.

New and updated policies, guides and templates in 2023–24

Supporting collaboration across government

To ensure fit-for-purpose procurement following the expansion of the VGPB's remit to approximately a further 125 agencies, the VGPB updated its [market analysis and review policy](#) and developed [related guidance](#) to facilitate collaborative procurement.

A key focus for the VGPB is to simplify and streamline government procurement to make the Victorian Government a buyer of choice.

Collaborative procurement refers to multiple departments or agencies working together to improve value for money and gain administrative efficiencies for goods and services procurement. Collaborative procurement covers a range of approaches, including several agencies jointly approaching the market, an agency procuring on behalf of other agencies, and SPCs. The Collaborative Procurement policy section authorises and establishes a tailored approach for different types of collaborative procurement.

These requirements were developed in response to requests from, and in collaboration with, departments and agencies.

Buyers guide

The VGPB updated its [buyers guide](#), published on the Buying for Victoria website, to provide step-by-step guidance for both buyers and suppliers navigating the procurement process within the VGPB framework. The guide integrates relevant policies by stage and task and supports buyers to find extra guidance specific to each procurement stage.

Decision tree tool

DGS developed an [interactive and user-focused decision tool](#) to help buyers identify the different policies that may apply to their goods and services procurement based on spend. The tool is the first of its kind on the Buying for Victoria website and helps streamline procurement planning. The tool steers users through a series of simple questions and lists the procurement-related policies and requirements that may apply to their activity. The new tool has been well received by the community of procurement officers across government agencies.

Standard contract templates

The VGPB started a project to review and simplify its standard form contracts and templates and develop guidance for buyers and suppliers to explain the clauses. The updated templates will support buyers to better navigate and implement policies and provide consistency for suppliers.



Compliance

Under the FMA, the VGPB is responsible for monitoring compliance by departments and specified entities with its supply policies.

The VGPB uses several mechanisms to monitor compliance. This includes reviewing annual compliance reporting from departments and agencies and investigating complaints escalated by suppliers in relation to the procurement process. For departments and accredited agencies (see below), the VGPB provides an additional level of oversight through an accreditation and audit program, as well as tracking against performance measures which are reported in the VGPB annual report.



The VGPB is responsible for monitoring compliance by departments and specified entities with its supply policies.

Due to the timing of the annual compliance reporting process, the VGPB annual report summarises compliance reporting outcomes one year in arrears. This report includes the 2023–24 compliance reporting from:

- 13 departments and accredited agencies
- 111 expansion agencies
- 33 portfolio agencies (existing non-accredited VGPB agencies).

To see a full list of VGPB expansion agencies and portfolio agencies, visit www.buyingfor.vic.gov.au/goods-and-services-mandated-agencies.

Departments and accredited agencies

Any reference to 'departments and accredited agencies' in this section refers to the below list of departments and agencies:

- Department of Education (DE)
- Department of Energy, Environment and Climate Action (DEECA)
- Department of Families, Fairness and Housing (DFFH)
- Department of Health (DH)
- Department of Jobs, Skills, Industry and Regions (DJSIR)
- Department of Justice and Community Safety (DJCS)
- Department of Premier and Cabinet (DPC)
- Department of Transport and Planning (DTP)
- Department of Treasury and Finance (DTF)
- Cenitex
- Victoria Police
- Victorian Infrastructure Delivery Authority (VIDA) (previously known as the Major Transport Infrastructure Authority until April 2024)
- V/Line – obtained VGPB accreditation in October 2023.

The Department of Government Services (DGS) was established on 1 January 2023 following a machinery of government change. DGS was exempt from the annual compliance reporting process in 2022–23 and will begin compliance reporting from the 2023–24 reporting year with the results published in the VGPB's 2024–25 report.



Compliance results reported in 2022–23

The VGPB monitors compliance with its goods and services supply policies primarily through the 2018 Directions. The 2018 Directions include **18 mandatory policy requirements** from the VGPB's goods and services supply policies.

Should a department or agency not meet a VGPB policy requirement, it will report a non-compliance under the 2018 Directions:

- A **compliance deficiency** is an attribute, condition, action or omission that is not fully compliant with the VGPB requirements.
- A **material compliance deficiency** is a compliance deficiency that a reasonable person would consider as having a material impact on the agency or the state's reputation, financial position or financial management.

The financial year 2022–23 marked the first full year of compliance reporting across all VGPB agencies, following the concessional reporting arrangements established for 2021–22. Encouragingly, no material compliance deficiencies were reported in 2022–23 as shown in Table 2.

Consistent with the 2021–22 results, the results for 2022–23 show strong compliance in core procurement governance and sourcing processes. This reflects the solid foundation of existing procurement practices within agencies prior to the expansion program.

As expected, agencies reported proportionately more compliance deficiencies in the areas introduced as part of the VGPB expansion program, reflecting that these activities are still being embedded in their internal processes. These areas include:

- emergency procurement (requirements introduced in December 2022)
- contract management and contract disclosure
- aggregated purchasing (with agencies required to transition to SPCs)
- procurement forward planning and capability strategies.

Connecting through individual check-ins with agency CPOs has been a key factor in gaining a deeper understanding of procurement across VGPB agencies and facilitating targeted support where needed. In 2023–24, this engagement program continued, with DGS connecting with more than 100 VGPB agencies to provide tailored support, address challenges and gather feedback.

The Procurement Officers' Meetings continue to be well attended, providing an important mechanism for building agency procurement capability, sharing knowledge and connecting government buyers.

The VGPB, supported by DGS, will continue to provide ongoing support to agencies through a program of communications, engagement and capability building activities.

TABLE 2: COMPLIANCE DEFICIENCIES REPORTED BY VGPB AGENCIES IN 2021–22 AND 2022–23

Measure	2021-22		2022-23	
	Number reported	Proportion (%)	Number reported	Proportion (%)
Total number of compliance deficiencies reported by VGPB agencies (and percentage of total*)	81	2.80	79	2.80
Total number of material compliance deficiencies reported by VGPB agencies (and percentage of total*)	1	0.04	0	0

* In 2021–22, 158 agencies reported against the 18 policy requirements, compared to 157 agencies in 2022–23.



The VGPB accreditation and audit program

The VGPB accreditation and audit program applies to departments and a small number of large agencies, providing additional assurance on compliance.

The VGPB accreditation process assesses alignment of a department or agency's procurement strategy and policies with the VGPB policy framework. Accreditation is maintained through participation in the VGPB audit program. VGPB audits assess procurement practice and compliance with the department's policies in key risk and improvement areas.

Visit [Buying for Victoria](#) for more on the VGPB accreditation program including what is expected as part of the accreditation process.

Accreditation applications

Obtaining accreditation is a comprehensive process. Agencies must thoroughly review, revise and submit documentation to the VGPB to demonstrate that their internal procurement policies and processes align with VGPB policy requirements. Documentation must be assessed and supported by the agency's internal auditor and audit and risk committee.

Two agencies voluntarily applied for VGPB accreditation in 2023. MTIA (now Victorian Infrastructure Delivery Authority) received its VGPB accreditation in August 2023 and V/line finalised its VGPB accreditation in October 2023. DGS, established in January 2023, is expected to apply for VGPB accreditation later in 2024.



Gaining VGPB accreditation provided the foundation and stimulus to build a much more strategically aligned procurement function through such levers as category management implementation and capability uplift. This proved particularly relevant during the recent 'transition in' of the Victorian Health Building Authority and their utilisation of the VIDA Procurement Framework from day one.

David Macdonald

Chief Procurement Officer,
Victorian Infrastructure Delivery Authority



Audits

The VGPB audit program requires departments and accredited agencies to complete two procurement audits every three years. The scope of these audits is tailored to each organisation's specific risks and processes and is agreed with the VGPB before starting the audit. Departments and accredited agencies must report to the VGPB with their audit findings and actions for addressing any recommendations.

V/line and VIDA will participate in the VGPB audit program from 2024–25, with DGS set to join the program once it has received VGPB accreditation.

Audits in 2023–24

In 2023–24, the VGPB received six audit reports with a further five expected later in 2024. All departments and accredited agencies completed the requirements of the 2021–24 audit cycle, except DPC. The VGPB agreed to defer DPC's second audit following the 2023 machinery of government changes which resulted in corporate procurement services for DPC, DTF and DGS being provided centrally by DGS. The VGPB will review the audit requirements for DPC, DTF and DGS following DGS' accreditation.

During the year, the Victorian Auditor-General's Office (VAGO) completed an audit on [Assuring the Integrity of the Victorian Government's Procurement Activities](#) focusing on fraud and corruption when procuring goods and services. This audit covered all departments, with a deeper analysis of three departments including DJCS, DE and DH.

Most audit scopes received in 2023–24 focused on policy and compliance, with each audit reviewing at least two of the five VGPB supply policies. Key themes included contract management and contract disclosure, emphasising the continued importance of this as a focus area. Several audits concentrated on processes and controls around governance and reporting.

One audit scope focused entirely on cyber security and incident management considerations in the procurement process, indicating the emerging risks associated with procurement.

A further two audits were completed in 2023–24 to support the VGPB accreditation applications from VIDA and V/Line. These audits reviewed each agency's policies and procedures with all VGPB policy requirements before submitting their formal applications to the VGPB. The VIDA audit identified improvement opportunities which were addressed before VIDA finalised its accreditation application. The V/Line audit noted full compliance with all VGPB policy requirements.

Overall, the audit findings reflected a strong awareness of VGPB policy requirements. Common areas for improvement included better guidance to support applying the policies and improving documentation and retention of records.

Management actions to address findings and identified risks are unique to each agency. However, common remediations included improving guidelines, internal documentation, and developing training materials and tools to support and uplift internal procurement capability.





Complaints

The VGPB policy framework requires departments and agencies to have a complaints management system in place that sets out the process and procedures for investigating and resolving complaints. Departments and agencies investigate and resolve complaints in line with their complaints process. If the complainant is dissatisfied with the outcome, they may refer their complaint to the VGPB for review.

One complaint was referred to the VGPB for review in 2023–24. The complaint related to a procurement carried out by DEECA. The VGPB investigation found no evidence of non-compliance with VGPB policies.

Visit [Buying for Victoria](#) for information on complaints management.

Performance

Departments and accredited agencies track their procurement performance each year against a set of agreed performance measures and report their results to the VGPB. This is reported in addition to the [2018 Directions](#) reporting, introduced following the expansion program in 2021.

During the year, the VGPB reviewed the five performance measures established in 2015 and agreed to discontinue two measures that are no longer fit-for-purpose, given their limited value in reflecting good procurement. The discontinued measures are:

- **Managed spend:** the proportion of procurement spend overseen by the central CPO team. This information is still periodically captured from all departments and agencies to provide visibility of the role of the procurement function
- **Value created:** the total savings as a proportion of total procurement spend. This measure indicated financial savings as a proportion of spend, which did not capture the full value being delivered by the procurement activity. It could be inconsistently applied across procurements or industries and did not provide a meaningful comparison as a performance measure.

The three performance measures for the 2023–24 reporting period are:

1. Procurement capability
2. Supplier satisfaction
3. Planned procurement activity as a percentage of actual procurement activity

Note that departments and accredited agencies have procurement models and profiles that vary in complexity and size. These differences should be considered when comparing results.

Compliance



Performance measure 1: Procurement capability

Organisations assess their capability at the end of each financial year using the [VGPB capability assessment tool](#).

Results in 2023–24 show that procurement capability has remained steady and comparable to previous years (Table 3). Organisations continue to focus on enhancing their capability, incorporating various training offerings into their capability development plans to keep practitioner skills current.

Overall, shifts in capability are linked to the introduction of more automated/guided systems and processes, and operational and staff changes within procurement functions.

The Procurement Knowledge Hub, launched in March 2024, will support procurement professionals and general government buyers across departments and agencies to build and broaden procurement capability.

TABLE 3: PROCUREMENT CAPABILITY

Department / accredited agency	2021–22	2022–23	2023–24
	%	%	%
Department of Education	90.7	89.3	92.0
Department of Energy, Environment and Climate Action	71.7	71.7	67.3
Department of Families, Fairness and Housing	92.7	94.0	93.3
Department of Government Services	n/a	n/a	76.0*
Department of Health	95.3	92.7	87.3
Department of Jobs, Skills, Industry and Regions	98.0	98.7	96.0
Department of Justice and Community Safety	88.3	82.7	85.3
Department of Premier and Cabinet	66.0	68.0	76.0*
Department of Transport and Planning	73.3	75.3	81.3
Department of Treasury and Finance	84.7	85.3	76.0*
Cenitex	84.7	86.7	86.7
Victoria Police	59.3	60.0	63.0
Victorian Infrastructure Delivery Authority	84.7	80.7	84.0
V/Line	n/a	n/a	84.0

* Scores for DGS, DTF and DPC are consolidated as DGS provides corporate procurement support for all three departments.

Note: 2023–24 is the first year of performance reporting for DGS and V/Line.



Performance measure 2: Supplier satisfaction

The supplier satisfaction assessment is based on a survey sent to suppliers after the procurement process. The survey is conducted with successful and unsuccessful suppliers to measure their satisfaction with the procurement process and the service provided by the organisation's procurement function and seeks feedback to inform improvements.

While response rates were relatively low in 2023–24, eight organisations reported improved satisfaction from unsuccessful suppliers compared to the previous year (Table 4).

Increased satisfaction among both successful and unsuccessful suppliers was driven by ease of processes, professionalism and responsiveness of buyers. Key areas for improvement centred around communication with a focus on debriefs.

Supplier feedback provides valuable insights, highlighting each organisation's strengths and areas for improvement, helping them enhance their procurement practices under the VGPB's procurement framework. Departments and accredited agencies will continue to promote the survey in the next year to encourage greater response rates.



Compliance



TABLE 4: SUPPLIER SATISFACTION

Department / accredited agency		2021–22	2022–23	2023–24
		%	%	%
Department of Education	Successful suppliers satisfied	100	100	82
	Unsuccessful suppliers satisfied	62	11	43
Department of Energy, Environment and Climate Action	Successful suppliers satisfied	67	80	100
	Unsuccessful suppliers satisfied	32	48	47
Department of Families, Fairness and Housing	Successful suppliers satisfied	94	100	100
	Unsuccessful suppliers satisfied	34	0	100
Department of Health	Successful suppliers satisfied	94	67	100
	Unsuccessful suppliers satisfied	36	0	20
Department of Government Services	Successful suppliers satisfied	n/a	n/a	91*
	Unsuccessful suppliers satisfied	n/a	n/a	38*
Department of Jobs, Skills, Industry and Regions	Successful suppliers satisfied	100	88	100
	Unsuccessful suppliers satisfied	20	38	50
Department of Justice and Community Safety	Successful suppliers satisfied	91	100	100
	Unsuccessful suppliers satisfied	57	0	100
Department of Premier and Cabinet	Successful suppliers satisfied	100	100	91*
	Unsuccessful suppliers satisfied	67	33	38*
Department of Transport and Planning	Successful suppliers satisfied	86	89	88
	Unsuccessful suppliers satisfied	14	52	33
Department of Treasury and Finance	Successful suppliers satisfied	89	86	91*
	Unsuccessful suppliers satisfied	83	33	38*
Cenitex	Successful suppliers satisfied	100	100	67
	Unsuccessful suppliers satisfied	25	63	0
Victoria Police	Successful suppliers satisfied	100	100	50
	Unsuccessful suppliers satisfied	20	17	0
Victorian Infrastructure Delivery Authority	Successful suppliers satisfied	64	88	76
	Unsuccessful suppliers satisfied	26	40	47

* Scores for DGS, DTF and DPC are the combined aggregate of the three departments as DGS provides corporate procurement support for all three.

Note: V/Line will begin supplier satisfaction reporting in 2024–25.



Performance measure 3: Planned procurement activity as a percentage of actual procurement activity

The VGPB policies emphasise forward planning and transparency. Under the VGPB’s [governance policy](#), organisations must develop and publish a forward procurement plan on their website. This measure assesses the level of forward planning by measuring the number of planned procurements documented in an internal forward activity plan against the number of market approaches undertaken during the financial year (Table 5).

Reliable forward procurement planning needs support from across the organisation to provide visibility of planned and budgeted activities within business units.

Organisations that reported an improvement in planned procurement activity compared to the previous year attributed this to enhanced forward planning processes. These improvements were driven by strong collaboration with business units and an emphasis on procurement planning as part of a proactive, long-term strategy to support future business needs.

TABLE 5: PLANNED PROCUREMENT ACTIVITY AS A PERCENTAGE OF ACTUAL PROCUREMENT ACTIVITY

Department / accredited agency	2021–22	2022–23	2023–24
	%	%	%
Department of Education	9.8	14.7	40.8
Department of Energy, Environment and Climate Action	35.6	n/a	33.8
Department of Families, Fairness and Housing	26.8	35.6	20.7
Department of Health	19.4	44.7	58.2
Department of Government Services	n/a	n/a	18.3
Department of Jobs, Skills, Industry and Regions	32.1	n/a	58.0
Department of Justice and Community Safety	24.2	6.7	26.1
Department of Premier and Cabinet	12.6	63.2	35.7
Department of Transport and Planning	24.7	n/a	6.0
Department of Treasury and Finance	50.0	n/a	30.0
Cenitex	37.6	14.0	28.6
Victoria Police	70.1	71.4	40.0
Victorian Infrastructure Delivery Authority	79.6	70.0	97.4
V/Line	n/a	n/a	100

Note: DEECA, DGS, DJSIR, DTP and DTF underwent machinery of government changes in 2022–23 that affected their ability to measure and report meaningful results on some performance measures for that year. The table denotes ‘n/a’ where results were not reported for these departments. V/Line began reporting on performance measures 1 and 3 in 2023–24.



State purchase contracts

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 competitive pricing and better terms and conditions. It also reduces risk and the administrative burden on buyers and suppliers.

The Victorian Government has numerous [SPCs and registers for commonly purchased goods and services](#). Some SPCs are mandatory meaning they must be used by all [Victorian Government departments and agencies under the VGPB framework](#). More than 200 organisations benefit from the time and cost savings offered by SPCs, with total annual spend under SPCs estimated to be about \$2.6 billion in 2023–24.

The transition to SPCs under the expansion program began with the largest agencies transitioning to mandatory SPCs from the end of 2021. The final group of smaller agencies began transitioning at the end of 2023 or as existing contracts expired.

By combining demand for commonly used goods and services, government can harness greater economies of scale

Greater use of SPCs across a wider range of government agencies provides a range of benefits from greater aggregation, including more consistency, streamlining, risk reduction and economies of scale.

Visit ['About goods and services contracts'](#) on the [Buying for Victoria](#) website for more information on SPCs.

The role of the VGPB

The VGPB reviews and endorses business cases for establishing new SPCs before approval by the relevant Minister. The VGPB is also consulted on replacements and variations to SPCs. Consultation with the VGPB is not required when exercising existing contractual options.

In 2023–24, the VGPB reviewed and endorsed eight business cases for new SPCs. The procurement process commenced for six of these in 2023–24, including travel management services, security services, stationery and workplace consumables, multifunction devices and printers, Microsoft Unified, and end user computing equipment. The remaining business cases were for two potential new SPCs being considered.

The VGPB were also consulted on six SPC variations in 2023–24. These variations may have extended the contract term or agreed material changes to the contract. This can include adjustments to the contract price, scope of work, or terms and conditions:

- [Travel management services](#)
- [Stationery and workplace consumables](#)
- [Geospatial data and analytics panel](#)
- [End user computing equipment](#)
- [Salesforce](#)
- [Citrix](#) – this contract was retired on 29 March 2024.

Victorian Government Purchasing Board Annual Report 2023–24

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The Victorian Government Purchasing Board acknowledges all Aboriginal and Torres Strait Islander peoples, as the Traditional Owners and custodians of the land and waterways on which we work and live. We pay respect to Elders past, present and future, and to all Aboriginal and Torres Strait Islander people. The fabric of Australia is strengthened and enriched with Aboriginal people's varied customs and cultures.