

# Better Procurement in Government – Improving the Knowledge and Skills of Government Buyers and Contract Managers

A Discussion Paper

Department *of* Treasury *and* Finance

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## Table of Contents

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<b>1</b>	<b><i>Executive Summary</i></b> _____	<b>1</b>
1.1	<b>Introduction</b> _____	<b>1</b>
1.2	<b>Purpose</b> _____	<b>1</b>
1.3	<b>Proposed Targets</b> _____	<b>1</b>
1.4	<b>Suggested Strategies - Overview</b> _____	<b>2</b>
1.5	<b>What next?</b> _____	<b>2</b>
<b>2</b>	<b><i>Background</i></b> _____	<b>4</b>
2.1	<b>Recent Procurement Reform</b> _____	<b>4</b>
2.2	<b>Identified need for improved knowledge and skills</b> _____	<b>4</b>
<b>3</b>	<b><i>Strategies Currently in Progress</i></b> _____	<b>6</b>
3.1	<b>Action Initiated by Agencies</b> _____	<b>6</b>
3.2	<b>Tender Review Committees</b> _____	<b>6</b>
3.3	<b>@treasury.tas</b> _____	<b>6</b>
3.4	<b>A Guide for Government Buyers</b> _____	<b>7</b>
3.5	<b>Online Developments</b> _____	<b>7</b>
<b>4</b>	<b><i>Training for Government Buyers</i></b> _____	<b>8</b>
4.1	<b>Benefits of Training</b> _____	<b>8</b>
4.2	<b>Competency Standards</b> _____	<b>8</b>
4.3	<b>Identification of Target Areas for Training</b> _____	<b>10</b>
4.4	<b>PACCER</b> _____	<b>11</b>
4.5	<b>Various Training Delivery Models</b> _____	<b>13</b>
4.6	<b>Reporting and Monitoring</b> _____	<b>13</b>
4.7	<b>The Training Consortium</b> _____	<b>14</b>
4.8	<b>Proposed Training Targets</b> _____	<b>14</b>
4.9	<b>Proposed Training Strategies and Actions</b> _____	<b>15</b>
<b>5</b>	<b><i>Increasing the Focus on Procurement</i></b> _____	<b>18</b>
5.1	<b>A need for a strategic approach within agencies</b> _____	<b>18</b>
5.2	<b>Options for increasing the profile of procurement</b> _____	<b>18</b>
5.3	<b>Proposed Strategies and Actions to Increase the Focus on Procurement</b> _____	<b>20</b>
<b>6</b>	<b><i>Conclusion</i></b> _____	<b>21</b>
<b>7</b>	<b><i>Recommendation</i></b> _____	<b>22</b>

### *Attachments*

<b>Attachment 1 – Procurement Competency Standards identified in the National Public Services Training Package</b> _____	<b>21</b>
<b>Attachment 2 – Approaches to training and competencies in other jurisdictions</b> _____	<b>22</b>

# 1 Executive Summary

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## 1.1 Introduction

Increased knowledge and skills in the area of government procurement and contract management will lead to improved value for money, more consistent application of Government procurement policies and procedures, greater supplier confidence and a more strategic approach to procurement. In order to achieve these desired outcomes, a joint effort is required between Treasury – as the lead agency responsible for procurement policy – and agencies.

It is acknowledged that, in recent times, a number of agencies have taken positive steps towards improving their procurement practices. While this has been welcomed by suppliers, more can be done to improve the effectiveness of government procurement, particularly in the area of training.

It is recognised that agencies have a number of competing priorities for resources, however the strategies outlined in this paper do not require significant investment in terms of resources – just a commitment to make it happen.

## 1.2 Purpose

The purpose of this Discussion Paper is to provide the basis for discussion to identify the most appropriate course of action to promote better procurement across Government. The paper:

- recommends the establishment of achievable training targets, towards which agencies can aspire;
- suggests training and other strategies that are intended to lead to improved procurement and contract management in Tasmanian government agencies; and
- proposes a number of required actions to progress these strategies and to assist agencies to achieve the targets.

## 1.3 Proposed Targets

It is recommended that the following targets should be considered by government agencies to ensure that procurement activities are undertaken in accordance with government policies and procedures and by appropriately skilled and trained staff:

**Target 1:** Within one year of an appropriate training package being developed, staff involved in agency procurement will have undertaken basic procurement policy and procedure training.

**Target 2:** Within three years of the delivery of specialist procurement training, staff undertaking major procurement will have completed appropriate training, or have received Recognition of Current Competencies through a formal process.

## **1.4 Suggested Strategies - Overview**

The following strategies have been identified as ways in which procurement and contract management within agencies could be enhanced. These suggested strategies will also assist agencies in the achievement of the recommended targets.

*Strategy 1. Identifying training needs and demands for staff involved in procurement and contract management (both goods and services and building construction).*

*Strategy 2. Developing a competency based training program to meet the training needs of agency procurement staff.*

*Strategy 3. Aiming for staff involved in procurement to have undertaken, at a minimum, basic Procurement Policy and Procedure Awareness training.*

*Strategy 4. Monitoring the effectiveness of the courses, the performance of training providers, and emerging training needs to ensure that the training program continues to meet its objectives and reaches appropriate staff.*

*Strategy 5. Promoting a greater focus on procurement across government and agencies.*

Suggested actions and responsibilities are detailed in the body of the Discussion Paper.

## **1.5 What next?**

As the next stage in the process of improving procurement knowledge and skills across agencies, Treasury proposes to conduct a Procurement Training Forum to:

- obtain feedback from stakeholders on the approach suggested in this Discussion Paper;
- agree on the targets and strategies that should be adopted in Tasmania to further improve procurement practices in government;
- help identify the training needs of staff involved in the various stages and different levels of complexity of the procurement process; and
- propose a framework under which the agreed strategies and actions can be progressed.

The Procurement Training Forum is planned for February 2002. Anyone interested in attending the Forum should contact Brian Holding, Senior Policy Analyst, Procurement and Property Branch of Treasury, on 6233 2509 or by email to <<brian.holding@treasury.tas.gov.au>> to register their interest or obtain more information.

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or by email to [brian.holding.treasury.tas.gov.au](mailto:brian.holding.treasury.tas.gov.au), by Friday 1 February 2002.

Following the Forum, the agreed targets, strategies and actions will be recommended to the Treasurer for approval, and an inter-agency Working Group will be established to implement the proposals. Subsequent monitoring of implementation will be undertaken by Treasury and the Procurement Advisory Group.

## **2 Background**

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### **2.1 Recent Procurement Reform**

Over recent years, there has been significant procurement reform in Tasmania, with the intended aim to achieve better value for money for government and, more recently, to enhance the opportunities of local businesses to do business with government, stimulating local investment and job creation. Details of the reforms that have been implemented to date can be found in the *Financial Management Reform Strategy (FMRS) Update Reports*, issued annually by Treasury since 1996.

Responsibility for goods and services procurement has been decentralised, and devolved to agencies and to business units within agencies. The number of common use contracts managed centrally has been reduced from over 100 contracts to 15 strategic whole-of-government contracts, and agencies are now responsible for the procurement of the majority of goods and services.

Similarly, more responsibility has been devolved to agencies in relation to building construction procurement. Agencies are responsible for building construction projects under \$100 000, and for various stages of the procurement process for projects over \$100 000 (eg preparation of specifications, evaluation of bids, the role of principal's representative, etc).

A number of policy and procedure guidelines have been issued and/or updated to assist agencies with their new responsibilities – most notably the *Handbook for Government Procurement, A Guide for Buyers* (for goods and services) and the *Public Works Tender Board Guidelines* (for building construction).

Treasury is responsible for the 15 remaining common use contracts, the provision of procurement policy and procedure advice to agencies and the Government, and for supporting the work of the Public Works Tender Board.

### **2.2 Identified need for improved knowledge and skills**

#### *2.2.1 Handbook for Government Procurement*

One of the general principles incorporated in the *Handbook for Government Procurement* (the *Handbook*) is that appropriate training and educational standards are required of all authorised buyers (Section 1.1).

#### *2.2.2 Stocktake and Evaluation of the Financial Management Reform Strategy*

In 1999, a Stocktake and Evaluation of the FMRS was undertaken by Treasury to assess the extent to which reforms under the Strategy were achieving their objectives and to identify agency needs.

One of the key findings of the Stocktake was that there was a need for more training, education and communication in relation to the various areas of the reform strategy. 60 per cent of respondents indicated that additional training was required.

### 2.2.3 Procurement Advisory Group

The Procurement Advisory Group was established in April 1999 by the Treasurer to provide advice to the Government on its procurement policies and agency tender processes. One of its key strategic objectives is to provide leadership in buying behaviour and foster a wise and strategic buying culture within government.

The Procurement Advisory Group has identified the provision of training as a key strategy to achieve this objective.

### 2.2.4 Auditor-General's Special Report No 34 – Procurement in Tasmanian Government Departments

Following the completion in November 2000 of a review of procurement in Tasmanian Government agencies (in particular, their compliance with the requirements of the *Handbook for Government Procurement*), the Auditor-General found that levels of experience with procurement varied among agencies. A survey of staff involved in procurement revealed that many were unaware of the existence of the *Handbook*, and that the vast majority of staff responsible for the procurement of goods and services over \$10 000 had not received any formal training.

The Auditor-General recommended that:

Departments should increase awareness and the availability of the *Handbook for Government Procurement* and agency specific guidance, and provide tools, systems and training to increase the competence of staff involved, or likely to be involved, in procurement activities.

### 2.2.5 Anecdotal evidence

Anecdotal evidence from staff in various agencies, and observations of the procurement processes adopted in some agencies, indicates that there is a general need for a better understanding of the Government procurement policies and procedures and for improved procurement knowledge and skills. Due to the devolution of procurement delegations, both to and within agencies, there are now many more employees involved in the procurement process – some on a full time basis, but the majority on an ad hoc basis as the need arises.

There is also evidence at a national level of concerns within the building industry over the impact of the devolution of building construction procurement to agencies. This concern particularly relates to the knowledge and skills base within government agencies and the capability to manage building construction projects (see Section 4.3.2 below, Building Construction Procurement).

## **3 Strategies Currently in Progress**

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### **3.1 Action Initiated by Agencies**

The Auditor-General's report into Government procurement highlighted a number of areas where agency procurement processes and practices could be improved. Many agencies have taken action to rectify particular problems that were identified and are moving towards better quality control of their procurement processes.

Actions taken to date by some agencies include the establishment of contract review committees, the centralisation of management of tender processes, the use of agency intranets for the publication of procurement policies and processes, and the instigation of internal training to raise awareness of Government and agency procurement policies.

Treasury has also been invited to make presentations on Government procurement policies at a number of different forums, including Meet the Buyers and the Project Managers' Forum.

### **3.2 Tender Review Committees**

Changes to the Public Works Tender Board guidelines in January 2001 now make it a requirement for agencies to establish a Tender Review Committee for the review of building and construction tender evaluations and procedures. The Committee must include persons experienced in tenders for building construction projects. The Committee's role is to ensure that a fair and equitable process has been followed and that the selection procedures outlined in the Public Works Tender Board Guidelines have been adhered to. This initiative is intended to add better quality assurance to the processes adopted by agencies in their building construction procurement – in particular in the evaluation of tenders.

The Treasurer has approved the establishment of similar committees for goods and services tenders. This requirement was included in the recent changes to the *Handbook for Government Procurement*.

### **3.3 @treasury.tas**

The introduction of the Treasury newsletter in October 2000 has provided a ready tool for the communication of information about government procurement and contracting. To date, the newsletter has been used to provide information on a variety of policy issues, common use contract updates, and to advertise publications and events.

The newsletter is issued in printed form to an extensive mailing list, but is also placed on the Treasury website.

One of the difficulties with such a mode of communication, and where responsibilities are devolved, is getting it to the appropriate people. Many government buyers would not have reason to visit the Treasury website, but are more likely to access the tenders website. The latter has therefore recently been updated to include a direct link to the procurement articles in @treasury.tas. Readers also have the opportunity to subscribe to new editions of the newsletter.

### **3.4 A Guide for Government Buyers**

*Purchasing Goods and Services – A Guide for Government Buyers* was published in May 2001 and provides an overview of the policies and processes that government buyers must follow when purchasing goods and services. The Guide takes buyers step-by-step through the purchasing process, and has been designed to help government buyers find out what they want to know quickly and easily.

### **3.5 Online Developments**

#### *3.5.1 Websites*

Treasury's website at <<[www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)>> and the website at <<[www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)>> provide information on procurement policy, procedures, reform and news. The sites are currently undergoing a facelift to make the procurement information more accessible to users.

#### *3.5.2 Proposed Online Guide for Government Buyers*

Treasury is currently examining options for the development of an online procurement support tool for government buyers. The system will provide online access for government buyers to information on goods and services and building construction procurement policy and procedures, leading new users through the purchasing process or providing ready access to the answers to specific and frequently asked questions.

A similar system from the seller's perspective – *Winning Government Business* – is currently being developed, and will be completed by December 2001.

## 4 Training for Government Buyers

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### 4.1 Benefits of Training

There are numerous benefits to be gained from offering targeted government-wide procurement training. These include:

- improved knowledge and awareness of Government procurement policies and best practice in procurement;
- reduced risks to agencies and the Government in the management of major procurement projects;
- a consistent approach and standards in the application of core Government procurement policies and principles such as value for money and promotion of opportunities for local and small to medium businesses;
- a more broadly skilled, adaptable and competent work force leading to more effective utilisation and management of resources by agencies;
- satisfaction in the supplier community with the overall operation of the Tasmanian Government procurement system;
- greater employer confidence in the recruitment and promotion of staff who have the required competencies; and
- cost-effective training and greater assurance of quality where it is linked to workplace requirements.

A systematic training approach matched to set competency standards will help ensure that the training is targeted at the relevant and appropriate skills for Tasmania's current procurement activities.

### 4.2 Competency Standards

#### 4.2.1 What are Competency Standards?

Competency standards specify knowledge and skills, and the application of that knowledge and skills, to the standard of performance required in the workplace.

Competency based training emphasises what a person can do, rather than the time spent in a training program, and helps make sure that people are trained in the skills and knowledge they need to function effectively in the workplace.

Competency standards are designed to set out:

- **what** people need to do to be effective in the workplace;
- **how** well they need to do it; and

- the **knowledge** and **skills** they need to be effective.

In this context, knowledge is an understanding gained through experience or study and skill is proficiency acquired or developed.

Through competency-based assessment, skills and performance are assessed against specific industry competency standards rather than against where, when or how knowledge is acquired. Assessment can happen on the job, or in a vocational education and training environment. Competency based assessment can be used to assess people who have undertaken training, and also to recognise competencies held by people who may have learnt on the job, or through life experience.

#### *4.2.2 Recognition of Current Competencies*

Recognition of Current Competencies (RCC) – previously known as Recognition of Prior Learning (RPL) – is a process that acknowledges the existing skills and knowledge of an individual, either gained formally, through education and training programs, or informally, through life and work experiences.

RCC is an important part of a competency based training system, enabling individuals to be assessed against established competency standards.

#### *4.2.3 Public Sector Procurement Competency Standards*

The National Public Services Training Package (see <<[www.pseta.com.au](http://www.pseta.com.au)>>) was developed by Public Service Education and Training Australia Inc (PSETA) – the nationally recognised body for the public administration areas of Commonwealth, State and Territory governments.

The competency standards included in the Package (see Attachment 1) describe what is required of public employees, from base to senior level, in the conduct of a range of functions, including procurement. The standards were last reviewed in 1999 to ensure their continued relevance and applicability in the workplace.

The aim of the standards is to capture the core of what is required in conducting procurement in the public sector, including:

- managing and organising tasks;
- responding and reacting appropriately to the unexpected;
- transferring skills and knowledge to new situations; and, most importantly,
- performing the procurement function to an acceptable level of skill.

There are basically three levels of procurement competencies reflecting the differing levels of complexity that occur within the overall procurement function:

- **Simple procurement** - generally covers purchase of standard services or “off the shelf” items where value for money consideration may be limited to price, convenience and practicality.

- **Complex procurement** – where the nature of the requirement is usually more complex and the method of procurement is more involved, eg dealing with experts for advice on technical, legal or financial matters and employing multi-staged request for offer/tender methodologies and formal evaluation/selection techniques.
- **Strategic procurement** – requires development of an acquisition strategy and a business case, linking to corporate level planning decisions and the delivery of core departmental outputs. Often, the nature of the procurement is complicated, requires considerable judgement in decision-making and may require innovative contracting approaches.

### 4.3 Identification of Target Areas for Training

#### 4.3.1 Goods and Services Procurement

There is a range of different levels at which procurement training can be of benefit. The Procurement Competency Standards can be used to help identify any procurement knowledge and skills requirements in government agencies.

The following table suggests knowledge and skills requirements for various levels of responsibility in the procurement process for goods and services.

TABLE 1: KNOWLEDGE AND SKILL REQUIREMENTS FOR PROCUREMENT OF GOODS AND SERVICES:

Level of Responsibility \ Requisite Knowledge and Skills	Awareness of policies and procedures	Risk Management	Tender specifications	Tender evaluation	Contract management	Project management	Procurement profiling	Contract negotiation	Procurement planning
Authorising purchases/contracts	✓								
Procuring standard low value items/services	✓	✓							
Evaluating tenders	✓			✓					
Managing simple tenders	✓	✓	✓	✓	✓	✓		✓	
Managing complex tenders	✓	✓	✓	✓	✓	✓		✓	✓
Managing contracts	✓	✓	✓		✓			✓	
Strategic procurement planning	✓	✓				✓	✓	✓	✓
Handling complaints (ie Procurement Complaints Officers)	✓			✓					
Reviewing tenders (ie Tender Review Committee members)	✓	✓	✓	✓					

The level of knowledge and skills will vary, depending on the level of involvement and responsibility in the procurement and contract management process. However, it is recommended that all staff who play a significant role in the procurement process (whether it be placing orders, undertaking tenders, authorising contracts or managing contracts) , should undergo basic procurement training to better understand their role in the context of government procurement policies and procedures.

#### *4.3.2 Building Construction Procurement*

The knowledge and skills required of staff in agencies involved in building construction procurement is not as well defined as the requirements for those involved in the procurement of goods and services, although there is considerable overlap. The Procurement Competency Standards outlined in the National Public Services Training Package do not readily address competencies for building construction procurement.

In July 2000, the Australian Procurement and Construction Ministerial Council agreed to a proposal for the Australian Construction Industry Forum (ACIF) and the Australian Procurement and Construction Council (APCC) to work together to identify the range of procurement skills needed by government to successfully procure constructions services. This project is only in its initial stages, but should provide some valuable information about the set of competencies required in this area and the associated training needs.

### **4.4 PACCER**

#### *4.4.1 What is PACCER?*

The Procurement and Contracting Centre for Education and Research (PACCER) was established by the Victorian Government Purchasing Board (VGPB) in 1997.

The PACCER philosophy is to provide training that is practical, accessible, and responsive. PACCER courses dealing with hands on, critical issues, are provided in short format workshops, and can be tailored to the specific needs of participants.

#### *4.4.2 Membership*

In June 1998, the Victorian Government Purchasing Board invited a number of jurisdictions, including Tasmania, to consider adopting the training programs being delivered by PACCER, and becoming a member of the PACCER National Network. The Australian Capital Territory, Western Australia and the Northern Territory all accepted Victoria's offer. However, in Tasmania a major restructuring of Government procurement activities was underway, and the invitation was declined at that time.

Treasury approached the Victorian Government Purchasing Board in May 2001, seeking advice as to whether the original offer of membership of PACCER was still open. The response was positive, and an Agreement is currently being finalised.

Membership of PACCER will provide agencies with:

- access to a set of training courses to promote best practice procurement, applying adult learning principles;

- access to training courses developed by other PACCER members;
- comfort in the knowledge that the courses are linked to the Procurement Competency Standards and will be updated to reflect any changes in those standards;
- a framework for RCC assessment of individuals against the Procurement Competency Standards;
- value for money, by negating the need to undertake the timely and costly process of developing training courses from scratch, with the ability to tailor the PACCER courses to reflect Tasmanian procurement policies and procedural requirements; and
- the alternatives of either engaging Registered Training Organisations (RTOs) to deliver the training locally, or sending staff to courses offered in Victoria (in cases where participant numbers do not justify delivery of the course in Tasmania).

In addition to the above, Treasury will participate in regular teleconferences between PACCER Network members, to share information and experiences on procurement training and to keep up to date with developments elsewhere.

#### 4.4.3 Courses on Offer

Current courses on offer through PACCER include:

<b>Course</b>	<b>Duration</b>
• Policy Awareness	3 hours
• Introduction to Procurement and Contracting	2 days
• Tender Process	1 day
• Specification Writing and Tender Preparation	2 days
• Service Contract Management	2 days
• Advanced Procurement Planning	3 days

#### 4.4.4 Applicability of PACCER courses to Procurement in Tasmanian government agencies

In order to undertake a preliminary assessment of the appropriateness of the courses on offer through PACCER, two courses (Service Contract Management and Specification Writing and Tender Preparation) were attended by staff from Treasury. It is considered that the courses are sufficiently generic to cater for the needs of procurement staff in Tasmanian agencies – indeed, the Victorian courses are often attended by the employees of private companies and local government. Attendees are encouraged to take along relevant work relating to the course topic so that they can use it as a working example – thus enabling them to gain immediate benefit from the course.

Those interested can also undertake a post course workplace project to enable their knowledge and skills to be formally assessed.

## **4.5 Various Training Delivery Models**

### *4.5.1 Models in Use in Other Jurisdictions*

Attachment 2 provides a summary of the various training approaches and models adopted in other jurisdictions throughout Australia.

### *4.5.2 In-house training*

In-house training programs are a useful and cost effective delivery method where the course content is well defined and documented and where a large number of staff in an agency require similar training. In-house training can be delivered by an external trainer, or internally by staff with the requisite knowledge who have attended a train-the-trainer course.

Basic procurement policy and procedure training could be a relatively simple and short course, based on the procurement requirements of the *Handbook for Government Procurement*. Given the large number of staff that are likely to require this training, a training package could be developed for delivery by appropriately trained staff within each agency. Individual agencies would be able to modify the course to meet specific agency needs and to cover agency-specific procurement procedures and policies.

### *4.5.3 Outsourced training delivery*

All states have proceeded along the outsourcing path in the delivery of the competency and assessment based courses. Registered Training Organisations are accredited trainers who are able to deliver the training and also to undertake the assessment at the end of the course. The use of such providers ensures that participants can obtain nationally recognised qualifications.

An important element of the success of any training is the knowledge and skills of the training provider. Drawing on the experience and knowledge of the trainer in the related field is integral to the learning experience of attendees. The Victorian experience is that the success of a particular training course can vary substantially based on who delivers the course, and that there is often a limited number of training providers who can offer the requisite experience.

## **4.6 Reporting and Monitoring**

Reporting and monitoring will be an essential component of any training that is introduced. It is important to be able to track:

- the number of staff, by agency and responsibility, attending the more specific and complex training courses;
- the appropriateness and effectiveness of the training provided;

- the performance of the training providers; and
- any emerging training needs.

## **4.7 The Training Consortium**

### *4.7.1 Membership*

The Training Consortium was established in recognition of the need for a coordinated response to training needs across government in Tasmania.

Membership of The Training Consortium includes all state government agencies, the University of Tasmania, Hydro Tasmania, Aurora Energy, the Hobart City Council and a small number of Commonwealth agencies. However, courses are also available to non-members.

### *4.7.2 Services*

Services offered by The Training Consortium include:

- assistance in the assessment of training and development needs across member organisations;
- sourcing the most appropriate form of training to meet members needs;
- negotiating the price of the service;
- advising details regarding the provision of the service;
- ensuring the quality of service provision; and
- maintaining evaluation procedures for reporting the benefits of training.

### *4.7.3 Proposed role in procurement training*

It is proposed that The Training Consortium will be used to administer the sourcing of appropriately qualified and experienced training providers, to manage the delivery of courses, and to monitor the performance of training providers and attendance at courses.

## **4.8 Proposed Training Targets**

As mentioned previously, staff involved in procurement require various skills, depending on their role in the procurement process, and their level of responsibility. However, all staff involved in procurement should have a basic understanding of the Government's procurement policy and purchasing procedures. It is suggested that such training should become a minimum requirement for staff with purchasing responsibilities and procurement delegations, and users of corporate cards. Agencies would naturally require a lead-in period to allow the training of staff, while all new staff with purchasing responsibilities should be required to undertake the training as part of their induction.

In relation to more complex procurement activities, it is considered appropriate to expect that those involved should have undertaken relevant training, or else to have been assessed as having the necessary skills.

It is proposed that the following targets should be considered by government agencies to ensure that procurement activities are undertaken in accordance with government policies and procedures and by appropriately skilled and trained staff:

**Target 1:** Within one year of an appropriate training package being developed, staff involved in agency procurement will have undertaken basic procurement policy and procedure training.

**Target 2:** Within three years of the delivery of specialist procurement training, staff undertaking major procurement will have completed appropriate training, or have received Recognition of Current Competencies through a formal process.

#### **4.9 Proposed Training Strategies and Actions**

A number of strategies and associated actions have been identified to assist Treasury and agencies to achieve the proposed targets and to further improve procurement and contract management skills in government agencies.

##### **Strategy 1. Identifying training needs and demands for staff involved in procurement and contract management (both goods and services and building construction).**

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*Action 1.1: It is proposed that Treasury will organise a forum of key staff from all agencies to:*

- *ascertain training needs and demands across government;*
- *agree on an appropriate model for procurement training delivery in Tasmania; and*
- *identify other actions that can be taken within agencies to increase the knowledge and skills of staff involved in procurement.*

*The Forum will include a mix of line managers, occasional and dedicated procurement staff (for both building construction and goods and services), a representative from The Training Consortium and a supplier representative (eg from the Tasmanian Chamber of Commerce and Industry).*

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*Action 1.2: Following the Forum, it is proposed that Treasury will establish an inter-agency Working Group to further the agreed strategies and actions.*

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*Action 1.3: Treasury will continue to monitor progress with the project being undertaken by the Australian Procurement and Construction Council and the Australian Construction Industry Forum in relation to the identification of specific competencies for building construction procurement.*

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*Action 1.4: Treasury will participate in PACCER teleconferences and meetings to monitor directions and developments in procurement training at a national level.*

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**Strategy 2. Developing a competency based training program to meet the training needs of agency procurement staff.**

It is important to ensure that, once the training needs of government buyers and contract managers have been identified, appropriate training courses are developed. It is anticipated that the PACCER training courses will go a long way towards meeting these training needs, but the courses undoubtedly require some modification to make them suitable to the Tasmanian environment.

It is proposed that the Working Group suggested under Strategy 1 above should undertake this task. In the development and delivery of training, it will be necessary to ensure that the training courses meet the needs of clients and also that they:

- are presented by suitably qualified and experienced trainers;
- meet short term and long term demand;
- can be modified to meet changing needs;
- are widely promoted across government;
- are affordable; and
- attract appropriate staff,

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*Action 2.1: The PACCER training courses and other available training options will be examined by the inter-agency Working Group to identify:*

- *the extent to which they meet the needs of Tasmanian government agencies;*
  - *the modifications required to make them suitable to the Tasmanian environment; and*
  - *the level to which they complement the preferred training model.*
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*Action 2.2: The Working Group, through Treasury, will work with The Training Consortium to identify the best means of delivering the selected training to staff in government agencies.*

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**Strategy 3. Aiming for staff involved in procurement to have undertaken, at a minimum, basic Procurement Policy and Procedure Awareness training.**

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*Action 3.1: Agencies will be asked to collect data on attendance at in-house Workshops and formal training courses and report to the Procurement Advisory Group, through Treasury, in order that progress towards the identified targets can be monitored.*

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**Strategy 4. Monitoring the effectiveness of the courses, the performance of training providers, and emerging training needs to ensure that the training program continues to meet its objectives and reaches appropriate staff.**

This would be a joint responsibility of agencies, Treasury and the training providers. Under the PACCER Agreement, Tasmania will have a responsibility to ensure that its training materials are kept current and relevant. There is also the necessity for ongoing development to ensure that the training continues to meet the needs of procurement and contract management staff.

This can only be done through the feedback from course providers and attendees and by monitoring developments in Tasmania and in other jurisdictions.

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*Action 4.1: The Training Consortium will be asked to maintain records on course attendance and the performance of training providers and provide feedback to Treasury.*

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*Action 4.2: Treasury will seek regular feedback from agencies on the effectiveness of the procurement training that is being offered.*

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## **5 Increasing the Focus on Procurement**

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### **5.1 A need for a strategic approach within agencies**

As mentioned at the beginning of this paper, until relatively recently, the bulk of government procurement – both goods and services and building construction – was centralised. While the responsibility for procurement has been devolved to agencies, not all have embraced it as a core corporate function, and it has not generally been given a similar profile to the more traditional corporate service functions of financial, human resource, and information technology management.

While this is beginning to change, and compliance with government procurement policies and procedures is improving, there are a number of other improvements that can be made to streamline the procurement function. A strategic approach to procurement will ensure better utilisation of resources. Procurement profiling and planning, process re-engineering and supplier positioning and sourcing can all lead to benefits and cost savings.

It is important that there is a clear allocation of responsibilities within agencies for procurement, and a centralised contact point. Such an approach will assist part time procurement staff in knowing where to go for assistance/ information if needed and will allow for better management of procurement planning, contract information and reporting.

In turn, Treasury will provide assistance in the form of research and dissemination of best practice.

### **5.2 Options for increasing the profile of procurement**

#### *5.2.1 Accredited Purchasing Units*

In a number of jurisdictions, for instance Victoria, South Australia and, more recently, the Australian Capital Territory, the focus on procurement is maintained through Accredited Purchasing Units (APUs).

APUs are required to have the appropriate mix of risk management, contract management, project management, financial management and information systems management skills. They provide expert advice and oversee or undertake an agency's more complex procurement activities, and can be responsible for strategies to retain and develop procurement skills and knowledge within agencies. An agency's procurement delegations are often linked to the level of accreditation gained by its APU.

APUs are one way of maintaining a consistent and high standard approach to procurement within an agency – particularly for complex and high risk procurement.

The Department of Health and Human Services is one agency that has moved in this direction, creating a central procurement and contracting operational unit to provide a central focus and expert advice on procurement activities and to facilitate the transfer of skill and knowledge throughout the agency.

### 5.2.2 *Contract/Tender Review Committees*

The recently established Tender Review Committees for building construction procurement, and those soon to be established for goods and services procurement (see Section 3.2 above, Tender Review Committees), will help promote good procurement practices across agencies, ensuring that government policies and procedures are followed. In addition to their review role, they will also have an educational function, by identifying any shortfalls in procurement practices with the responsible staff and suggesting corrective action.

### 5.2.3 *Use of the Intranet as a Procurement Resource*

The use of internal internet sites – or intranets – has become a common communication method within agencies. Intranets enable staff to have on-line access to current policies, guidelines, and information.

The Intranet is a powerful tool for ensuring that procurement information is readily available to all staff. It can provide information on agency and whole-of-government procurement policies and procedures, information about agency and whole-of-government contracts, links to training information and other procurement sites and resources. In the future, agencies may also be able to use their Intranet as the gateway to a web based electronic procurement system – becoming a one stop shop for procurement information and tasks.

### 5.2.4 *Provision of Information by Treasury*

Treasury has already initiated a number of projects to further increase knowledge and skills of government buyers, and to increase the awareness of the benefits of taking a strategic approach to procurement. The publication of the *Guide for Government Buyers* and the proposed development of an on-line buyers guidance system are some examples.

The proposed Forum (see Strategy 1) will help to identify current gaps in information, and assist Treasury to develop guidelines focused on the needs of agency procurement staff.

Treasury can also take a leading role in keeping agencies up to date in developments elsewhere. This could be in the form of regular procurement forums, where information and experiences could be shared with and between agencies, and in information on relevant procurement publications/associations etc.

### **5.3 Proposed Strategies and Actions to Increase the Focus on Procurement**

#### **Strategy 5. Promoting a greater focus on procurement across government and agencies.**

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*Action 5.1: Agencies will be encouraged to consider ways in which they can take a more strategic approach to their procurement activities, including gaining a better understanding of their procurement profiles and processes and key market places, and by linking procurement into corporate planning.*

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*Action 5.2: Agencies will be encouraged to think strategically about their procurement and ensure that responsibilities for strategic procurement are clearly defined.*

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*Action 5.3: Agencies will be asked to consider developing dedicated procurement sections on their Intranet sites to provide information relating to Government procurement policies and procedures, their own procurement procedures, whole-of government and agency procurement contracts, procurement training information (when developed) and links to procurement and purchasing resources.*

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*Action 5.4: Treasury will continue to develop user friendly and readily accessible tools and guidelines to assist government buyers improve their knowledge and skills in procurement and contract management.*

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*Action 5.5: Treasury will identify the potential for regular procurement forums, dealing with various procurement issues, in order for procurement officers to be kept up to date with developments elsewhere.*

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*Action 5.6 Treasury will update the <[www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)> to expand links to relevant procurement organisations and publications (eg to Australian Institute of Purchasing and Materials).*

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## 6 Conclusion

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Since the devolution of responsibility for procurement, agencies and Treasury have implemented a variety of strategies to ensure that government procurement practices and procedures are followed. However, most will admit that there is still room for improvement.

Improved procurement will provide significant benefits for government, including improved value for money, clarity and consistency of process, and reduced risks in procurement activities.

The strategies and actions suggested in this Discussion Paper can increase the knowledge and skill of those involved in the procurement process and improve current awareness, practices and procedures.

Responsibility for the implementation of the agreed strategies and actions rests equally with Treasury and individual agencies.

The success of the strategies will ultimately rely upon the extent to which they are embraced by those involved:

- **Treasury** must continue to be responsive to the needs of agencies, and provide and promote information and tools to support the procurement function;
- **senior management**, including Heads of Agencies, must be committed to a best practice approach to procurement and promote and support attendance at the training offered; and
- finally, **buyers** themselves must be willing to use the tools and information that are made available, and to further their procurement knowledge and skills through participation in training.

## **7 Recommendation**

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It is recommended that a forum of relevant stakeholders should be convened by Treasury to:

- obtain feedback on the approach suggested in this Discussion Paper;
- agree on the targets and strategies that should be adopted in Tasmania to improve procurement practices in government;
- help identify the training needs of staff involved in the various stages and different levels of complexity of the procurement process; and
- propose a framework under which the agreed strategies and actions can be progressed.

## **Attachment 1 –Procurement Competency Standards identified in the National Public Services Training Package**

The table below shows the Procurement Competency Standards identified in the National Public Services Training Package and the related Australian Qualifications Framework Levels:

<b>KEY AREA</b>	<b>AQF3</b>	<b>AQF4</b>	<b>AQF6</b>	<b>AQF7</b>
<b>Procurement and Contract Management</b>	PSPPROC301A Procure Goods and Services	PSPPROC401A Plan Procurement	PSPPROC601A Influence and Plan for Procurement Outcomes	PSPPROC701A Define Strategic Procurement Directions
		PSPPROC402A Request and Receive Offers	PSPPROC602A Direct the Management of Contracts	PSPPROC702A Establish the Procurement Context
		PSPPROC403A Award Contracts	PSPPROC603A Divest Strategic Assets	PSPPROC703A Evaluate and Improve Procurement Performance
		PSPPROC404A Manage Contracts		
		PSPPROC405A Dispose of Assets		

For more information about the National Public Services Training Package, visit <<[www.pseta.com.au](http://www.pseta.com.au)>>.

## Attachment 2 - Approaches to training and competencies in other jurisdictions

The following table sets out the various training approaches adopted in other Australia jurisdictions:

Jurisdiction	Training Model	Courses
Victoria	<p>PACCER – Set up by the Victorian Government Purchasing Board and the Office of Public Service Employment.</p> <p>Competency based except for those marked *.</p> <p>All training and administration of training courses is outsourced.</p> <p>Membership of PACCER is open to other jurisdictions (currently ACT, NT and WA are members).</p>	<ul style="list-style-type: none"> <li>• Policy Awareness*</li> <li>• Introduction to Procurement and Contracting</li> <li>• Tender Process</li> <li>• Specification Writing and Tender Preparation</li> <li>• Service Contract Management</li> <li>• Advanced Procurement Planning</li> <li>• Winning Government Business (for suppliers to Government)*</li> <li>• Academic Procurement Courses by Chisholm Institute of TAFE, RMIT, Deakin Australia and Swinburne University of Technology</li> </ul>
ACT	<p>PACCER membership.</p> <p>Course delivery by Doyles Consulting, and Deakin Australia.</p> <p>Competency based training</p> <p>ACT Contracts and Purchasing, Department of Urban Services, plays some part in course administration.</p>	<ul style="list-style-type: none"> <li>• Introduction to ACT Procurement Policy</li> <li>• Contract Management</li> <li>• Effective Contract Management Series (including Tender Process Planning; Contract Planning; Contract Administration Systems; Consultancy Contracts; Probity in Practice; and FOI, Commercial Information and Confidentiality)</li> <li>• Evaluation of Offers</li> </ul>
Western Australia	<p>PACCER membership.</p> <p>Competency based.</p> <p>WA Government provides register of providers of procurement education services.</p> <p>Strategic Procurement course offered through Curtin Business School.</p>	<ul style="list-style-type: none"> <li>• Strategic Procurement</li> <li>• Professional Seminars conducted by CAMS (including Assessing Value for Money; Getting the Best Value from Common Use Contracts; Evaluating and Accepting Consortia Bids; Contracting in the Not for Profit Sector; Introduction to Intellectual Property; Developing a Procurement Business Case)</li> <li>• A range of courses are available through registered procurement training providers, including Curtin University, Deakin University, Edith Cowan University, Great Southern Regional College of TAFE.</li> </ul>

Jurisdiction	Training Model	Courses
Queensland	<p>8 level certification process, including both training (workshops etc) and education (tertiary study), linked to Australian Qualifications Framework.</p> <p>Course delivery by Central Queensland University or other registered provider (Levels 1-4) or tertiary institution (Levels 5 to 8).</p>	<ul style="list-style-type: none"> <li>• Purchasing Awareness</li> <li>• Basic Purchasing Capabilities</li> <li>• Intermediate Procurement Planning</li> <li>• Communication and Negotiation in Purchasing</li> <li>• Intermediate Procurement Contract Management</li> <li>• Advanced Procurement Planning</li> <li>• Advanced Procurement Negotiations</li> <li>• Advanced Contract Management</li> <li>• Academic Procurement Courses offered by a variety of institutions, including Central University of Queensland and Griffith University.</li> </ul>
South Australia	<p>Course delivery by Chisholm Institute. The course was initially developed for Telstra.</p> <p>Course administration undertaken by the Department of Administrative and Information Services.</p> <p>No accreditation currently in place. SA will soon be joining the PACCER Network.</p>	<p>Supply Policies and Procedures, Forecasting Methods for Procurement, Buying Fundamentals, Principles of Negotiation, Supplier Performance Analysis and Continuous, Preparing Sourcing Plans, Preparing Requests for Offer, Evaluating and Recommending Suppliers, Preparing Contracts, Supply Techniques, Inventory Management, Budgeting for Materials, Controlling and Accounting for Stock, Financial Planning, Financial Management in the Organisation, Introduction to Taxation, Product Cost Analysis, Marketing Principles, Introduction to Contract Law, Selecting a Distribution Channel, Advanced Negotiation, Strategic Planning, Contract Management and Project Management.</p>
Commonwealth	<p>Responsibility left to individual Chief Executive Officers, within the framework of the Public Service Competencies Standards.</p> <p>The Public Service and Merit Protection Commission runs some courses *.</p>	<ul style="list-style-type: none"> <li>• Before you Get to the Contract Stage*</li> <li>• After You've Signed the Contract – Ensuring the Contract Delivers*</li> </ul>

Jurisdiction	Training Model	Courses
New South Wales	<p>NSW procurement is still very centralised.</p> <p>The NSW Government is currently developing a strategy which will recommend the development of a competency and accreditation based program.</p> <p>A workshop outlining the NSW Government's procurement policies and practices has been finalised. Delivery will be outsourced.</p>	<ul style="list-style-type: none"> <li>• Procurement policy workshop</li> </ul>
Northern Territory	<p>PACCER membership.</p> <p>Competency based training.</p> <p>Courses commenced in February 2001 with an outsourced training provider.</p>	<ul style="list-style-type: none"> <li>• Procure Goods and Services</li> <li>• Plan Procurement</li> <li>• Request and Receive Offers</li> <li>• Award Contracts</li> <li>• Manage Contracts</li> <li>• Dispose of Assets</li> </ul>

### **Links to Procurement Training Course Information in other Jurisdictions:**

Victoria: <<[www.paccer.com/dhtml/index.htm](http://www.paccer.com/dhtml/index.htm)>>

Western Australia: <<[www.cams.wa.gov.au/Web/cams.nsf/web/AgencyTraining](http://www.cams.wa.gov.au/Web/cams.nsf/web/AgencyTraining)>>

Northern Territory: <<[www.nt.gov.au/ocpe/lc/procure\\_contract\\_management.shtml](http://www.nt.gov.au/ocpe/lc/procure_contract_management.shtml)>>

ACT: <<[www.basis.act.gov.au/](http://www.basis.act.gov.au/)>>

Queensland: <<[www.qgm.qld.gov.au/buyer/training/training.htm](http://www.qgm.qld.gov.au/buyer/training/training.htm)>>

South Australia: <<[www.ssb.sa.gov.au/plp/](http://www.ssb.sa.gov.au/plp/)>>