

**2003-2004 Annual Report**  
Victorian Government Purchasing Board  
Achieving Excellence in Government Procurement



Victorian Government Purchasing  
Board Annual Report 2003-04  
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A blurred, blue-toned photograph of several people in a meeting or office setting, looking towards the right. The image is out of focus, emphasizing a sense of movement and collaboration.

**Vision** To provide leadership in government purchasing

**Mission** To provide a policy framework for the purchase of goods and services by Victorian Government departments that achieves value for money purchasing while applying high standards of probity to ensure better outcomes from government contracts for the benefit of all Victorians

# VGPB Annual Report 2003-04

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As required by section 54M of the *Financial Management Act 1994* (the Act), this annual report describes the work and activities of the Victorian Government Purchasing Board from 1 July 2003 to 30 June 2004. Information about purchasing activity by departments is provided in the Departmental Procurement Activities section at the end of this report.

Pursuant to section 54K(1) of the Act, on 12 February 2004, the Minister for Finance issued a Direction to the VGPB to execute Deeds of Access for existing and future members of the Victorian Government Purchasing Board. To meet the requirements of section 54K(2) of the Act, that Direction is attached at Appendix 1.





About this Annual Report









## About this Annual Report Chairperson's Report



### Achievements in 2003-04

The Victorian Government Purchasing Board (VGPB) achieved its strategic priorities for 2003-04.

The Board foreshadowed in its Annual Report for 2002-03 that it would focus primarily on ethical purchasing and regional suppliers:

- + the ethical purchasing project would seek to ensure that contractors to government meet their obligations to employees under industrial relations and occupational health and safety legislation
- + the regional suppliers project would investigate whether there are barriers faced by regional suppliers in winning government business, and recommend measures to improve accessibility to this market.

For both, all milestones were reached and the projects have been delivered as planned.

In addition, a number of other strategic priorities have been delivered:

- + the new accreditation system has been fully implemented
- + the Strategic Procurement Planning policy has been reviewed
- + the Endorsed Supplier Arrangement (ESA) has been reviewed
- + the redevelopment of the Contracts Publishing System (CPS) has commenced
- + an eBusiness Issues Paper has been developed with the objective of fostering departmental and supplier uptake of eBusiness.

One project that had been foreshadowed was a review of PACCER (Procurement and Contracting Centre for Education and Research) courses. This review would have been required to realign existing competency-based courses with any new competency standards. This project did not proceed as the new competency standards have yet to be released by Public Service Education and Training Australia (PSETA).

The above projects have been the subject of extensive consultation and developed in collaboration with the Board's stakeholders.

Further details about these projects are provided later in the Report.

### Future Developments

In 2004-05 the board will focus on a number of strategic priorities:

- + the development of a new major policy on whole-of-government contracts
- + a review of the Probity Policy and guidelines
- + a review of the Ethical Purchasing Policy
- + implementation of the Regional Business Project recommendations
- + policy changes which may be required if the Australia – United States Free Trade Agreement (Government Procurement Chapter) comes into force from 1 January 2005.

### Appreciation

On behalf of the Board, I would like to express my appreciation to the Minister for Finance, John Lenders MP for his support of the Board and its activities.

I would also like to thank Warren Hodgson, Deputy Secretary, Commercial Division; my predecessor as Chair, Robin Jarvis-Read; Jenny Melican, Director, Procurement Group (for most of the year which is the subject of the Annual Report); Procurement Group staff; and Accredited Purchasing Units (APUs).

Finally, the Board looks forward to a similarly productive year in 2004-05, and working with the new Director of Procurement Group, Nick Tamburro.

A handwritten signature in black ink that reads "Bruce C. Hartnett". The signature is written in a cursive, slightly slanted style.

**Bruce Hartnett**  
Chair  
Victorian Government  
Purchasing Board

# About this Annual Report

## About the VGPB

### Overview

The VGPB was established under the *Financial Management Act 1994* (the Act) and replaced the State Tender Board from 1 February 1995.

The VGPB has seven members and meets at least once every two months, to consider and approve major departmental procurement processes, and discuss procurement policy and practice matters. Four of the VGPB members, including the Chair, are external appointees, and three are appointed from government departments.

### Functions

The VGPB has the following functions as defined by section 54B of the Act:

- a) in relation to the supply of goods and services to departments and the management and disposal of goods by departments—
  - i) to develop, implement and review policies and practices; and
  - ii) to provide advice, staff training and consultancy services;
- b) to monitor departmental compliance with supply policies and Ministerial directions and to report irregularities to the relevant Minister, and the Minister for Finance;
- c) to foster improvements in the use and application of purchasing systems and electronic trading;
- d) to establish and maintain a comprehensive database of purchasing data of departments and supply markets for access by departments;
- e) any other functions conferred on the Board by this Part.

### Powers

The VGPB has the following powers under section 54C of the Act:

1. The Board has all the powers necessary to perform its functions.
2. Without limiting sub-section (1), the Board may—
  - a) enter into contracts or arrangements on its own behalf, on behalf of the State or on behalf of departments;
  - b) call and award tenders and advertise;
  - c) consider and approve requisitions for the purchase of goods and services by departments;
  - d) require accountable officers to audit departmental compliance with supply policies and Ministerial directions and provide audit reports to the Board;
  - e) require accountable officers to provide information and data relating to the supply of goods and services and the management and disposal of goods;
  - f) exercise any other powers conferred on the Board by the Act or the regulations.
3. An accountable officer must provide to the Board on request—
  - a) audit reports referred to in sub-section (2)(d);
  - b) information and data referred to in sub-section (2)(e).

### Reporting Relationship

The VGPB reports to the Minister for Finance and is supported by Procurement Group, Department of Treasury and Finance (DTF). Procurement Group provides secretariat and other services to the VGPB, and has a direct reporting line through DTF to the Minister for Finance on procurement and contracting issues.

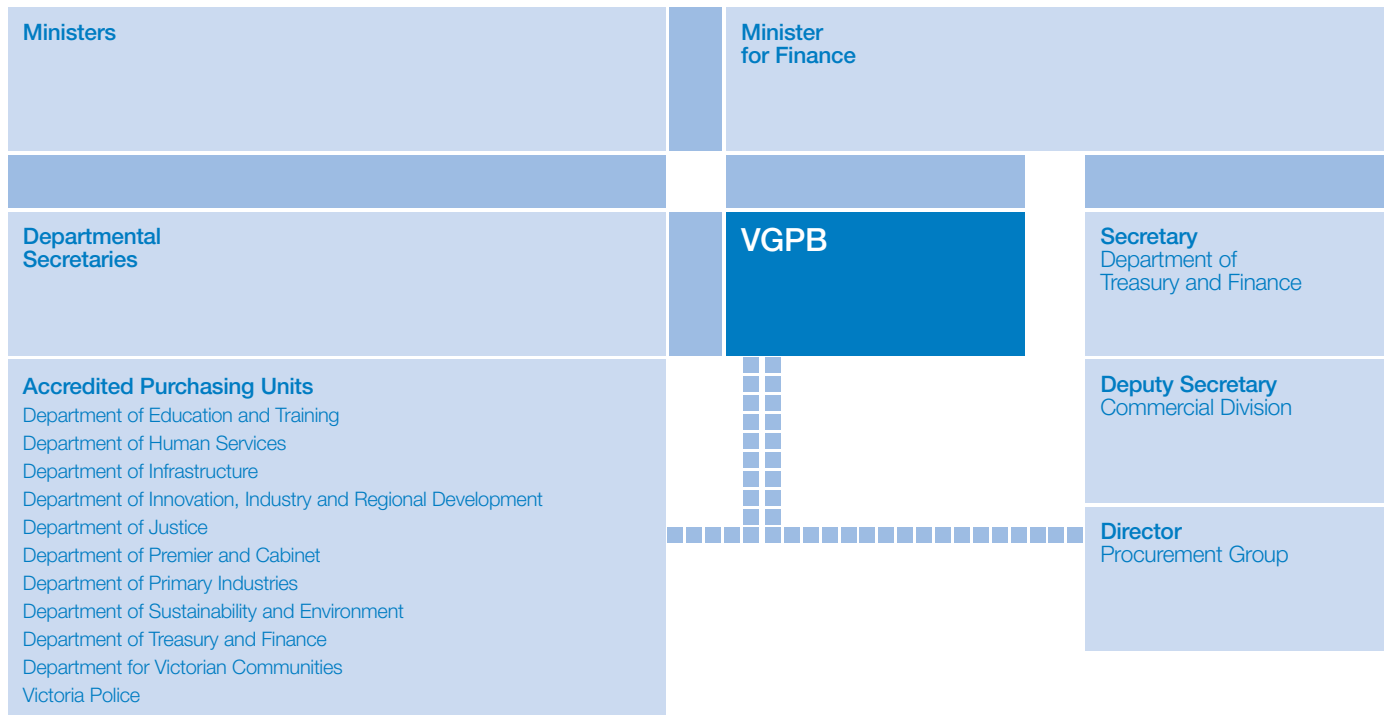
The VGPB has delegated authority to APUs to approve procurement processes up to each department's level of accreditation. Each APU also reports to its departmental Secretary on procurement policy and practice issues. Secretaries are required to report to the VGPB each year on the department's procurement activities. The following diagram illustrates this relationship.

### Scope of the VGPB Policies

The VGPB's policies apply to the ten government departments, Victoria Police, and the following offices:

- + Victorian Auditor-General's Office
- + Office of Public Prosecutions
- + Victorian Electoral Commission
- + Office of the Chief Commissioner of Police
- + Office of the Ombudsman
- + Office of the Commissioner of Public Employment
- + Essential Services Commission
- + Office of the Commissioner for Environmental Sustainability
- + Office of the Legal Ombudsman
- + Office of the Privacy Commissioner

### Reporting Relationship



## About this Annual Report

### VGPB Members

#### Chair



**Bruce Hartnett**

Appointed 1 April 2000, Chair since 1 October 2003. Mr Hartnett has extensive corporate and senior public service experience in finance, policy advice and development, procurement and contracting. He is a former Chief Executive Officer of the Australian Government Employees Superannuation Trust and former Head of Employee Relations, National Australia Bank. He has extensive senior public service experience as Deputy Director-General of the Victorian Department of Industry, Technology and Resources, and in the Victorian Ministry of Transport.

#### Members



**Karen Cleave**

Appointed 1 January 2000. Ms Cleave is Director, Executive, Department of Premier and Cabinet. Ms Cleave has extensive experience in direct service delivery, resource management and strategic project management. Previous positions held by Ms Cleave include: Director, Secretariat, Inquiry into the 2002-2003 Victorian Bushfires, Department of Premier and Cabinet; and Director, Office of Departmental Services, Department of Education and Training.



**Debra Counsell**

Appointed 1 October 2003. Ms Counsell is a partner of Phillips Fox. Ms Counsell has 13 years experience practising a wide variety of commercial and contracting law in the public and private sectors, both in Australia and overseas. Ms Counsell specialises in major procurements and outsourcings and her expertise includes tendering, probity, contract drafting and negotiation and then advising on all issues throughout the procurement cycle. She also advises on financial and corporate governance issues.



**Marisa De Cicco**

Appointed 1 October 2003. Ms De Cicco is Director, Justice Policy, Department of Justice. Ms De Cicco has experience in policy advice and development, formulation of strategy and legislation, procurement and contracting.

Meetings Attended 9  
Eligible Meetings 9

Meetings Attended 8  
Eligible Meetings 9

Meetings Attended 4  
Eligible Meetings 5

Meetings Attended 3  
Eligible Meetings 5

## The VGPB held 9 Board Meetings in the year to 30 June 2004.



**Geoff Fary**

Appointed 1 April 2003. Mr Fary is Executive Director, Industrial Relations, APESMA. Mr Fary has extensive experience in the areas of policy advice, formulation of strategy and legislation, liaison and marketing, and procurement and contracting. He has held senior positions in corporations, and in the Victorian and Commonwealth public service, including Nestle Australia Ltd, George Weston Foods Limited and Industrial Relations Victoria.

Meetings Attended 7  
Eligible Meetings 9



**Andrew Hockley**

Appointed 1 October 2003. Mr Hockley has worked in both the private and public sector, most recently with PricewaterhouseCoopers, and previously as a Director of Clemenger Direct Pty Ltd (advertising). His expertise includes research and statistics, marketing strategy, supplier and contract management and procurement processes in both a private and public sector context.

Meetings Attended 5  
Eligible Meetings 5



**Robin Jervis-Read**

Appointed 1 October 2003. Mr Jervis-Read held the position of Chair since the Board's inception in 1995. Mr Jervis-Read has wide-ranging private and public sector experience in policy development and advice, strategic procurement and contracting, and general management. Currently, he is head of Group Procurement at Goodyear Australia. He has 16 years general management experience with Australian corporations and 12 years high-level strategic procurement experience with Ford Motor Company and the automotive component supply industries of Europe, Asia and the United States of America.

Meetings Attended 7  
Eligible Meetings 9

Changes in membership of the Board during 2003-04:

**Mark Burford**

Meetings Attended 6  
Eligible Meetings 7

*Formally resigned from the Board in May 2004*

**Marissa Di Pasquale**

Meetings Attended 4  
Eligible Meetings 4

*Did not seek re-election to the Board when term expired in October 2003*

**Faith FitzGerald**

Meetings Attended 3  
Eligible Meetings 4

*Did not seek re-election to the Board when term expired in October 2003*

**John Hall**

Meetings Attended 3  
Eligible Meetings 9

*Gave notice of intention to resign from the Board in 2004*

**Allan Stewart**

Meetings Attended 1  
Eligible Meetings 1

*Formally resigned from the Board in July 2003*



## About this Annual Report Strategic Priorities 2003-04

### Whole of Government Contracts

An independent review of the role and function of the Procurement Group (DTF) was conducted in June 2003. Following this review, the government endorsed a recommendation in October 2003 for the Procurement Group 'to develop and oversee implementation of a Whole of Government (WofG) strategy to include an annual program of mandatory contracts.'

The Strategy would include 'communication of an ongoing WofG procurement strategy planning process' which would 'reinforce a central WofG facilitation culture and strengthen alignment across departments.'

The Strategy would also 'adopt best practice principles in strategic procurement and category management (of goods and services).'

The Strategy is to include the following steps in the establishment of a WofG Contract:

- + consultation with Departments on the specification of each tender
- + departments to have the opportunity to nominate members of a tender team where the department has particular expertise relevant to the tender or if the procurement is critical to the department's business
- + departments to seek an exemption from participating in a mandated WofG contract

Preparatory work on the development of the commenced in 2004.

### Ethical Purchasing Project

The Victorian Government Ethical Purchasing Policy came into effect on 1 January 2004. The policy is aimed at ensuring that businesses providing goods and services to government meet their obligations to their employees under relevant industrial instruments (awards and agreements) and occupational health and safety, and industrial relations legislation.

The policy introduces checks to determine whether a business meets the ethical employment standard during the tendering process and throughout the life of a contract.

The names of businesses that fail to satisfy the ethical employment standard during the tender process or contract period are placed on a register maintained by the Department of Treasury and Finance.

The policy was developed in conjunction with Industrial Relations Victoria and WorkSafe Victoria and will be reviewed in 2005.



## About this Annual Report Strategic Priorities 2003-04

### Regional Suppliers Project

As part of the Victorian Government's commitment to maximising opportunities for regional suppliers to do business with Government, the Minister for Finance requested a review of regional supplier participation in government procurement activities.

The review examined procurement activities of departmental regional offices from both the supplier and buyer sides. Surveys were conducted with small to medium sized enterprises attending Winning Government Business seminars over the past two years; APUs in departments; representatives from departmental regional offices in Bendigo and the Gippsland region to gain an overview of regional procurement activities; the Victorian Employers Chamber of Commerce and Industry (VECCI) and Business Development Units in local City Councils to gain an overview of how regional suppliers win Government business.

The review also compared regional procurement initiatives in the United Kingdom and the United States of America to identify current issues and initiatives.

The recommendations were grouped into five priority areas:

- + Communication – a dedicated information portal for suppliers seeking to quote for goods and services under \$100,000; a process guide for buyers for purchases under \$100,000
- + Training – a training program specifically designed for regional personnel
- + Process Guides and Templates – in coordination with the developmental work on the WofG contracts strategy
- + Standard Form Tender and Contract Documents Review
- + Co-location of procurement information in regional areas.

The Review's recommendations were endorsed by the Board, and implementation of them will constitute a strategic priority for 2004-05.

### Implementation of New Accreditation System

The VGPB has accredited departments to assume responsibility for approving purchases of goods and services up to designated values agreed to by the Board. Purchases greater than a department's accreditation level must first be endorsed by the department's APU before the matter is considered by the Board.

The revision of Board policies that came into effect in December 2002 included a new accreditation regime that established a four-tier arrangement. This arrangement replaced all previous accreditation levels. The new arrangement established the following purchase value limits.

**Table 1 Accreditation Tiers**

Accreditation Tier	Purchase Value Limit
Tier 1	up to \$1 million
Tier 2	up to \$10 million
Tier 3	up to \$50 million
Tier 4	Unlimited

Each department was required to reapply for accreditation by the Board and prepare a management plan that details the existing and proposed procurement processes and performance standards that support the accreditation level sought.

Departments are also required to submit an accreditation compliance statement as part of their annual procurement report to the Board.

Four departments attained accreditation during 2002-03 and all other departments have now been accredited under the new arrangements. The new departmental accreditation levels are:

**Table 2 Departmental Accreditation Tiers**

Department	Accreditation Tier
Department of Education and Training (DET)	Tier 1
Department of Human Services (DHS)	Tier 1
Department of Infrastructure (DOI)	Tier 1
Department of Innovation, Industry and Regional Development (DIIRD)	Tier 1
Department of Justice (DOJ)	Tier 2
Department of Premier and Cabinet (DPC)	Tier 1
Department of Primary Industries (DPI)	Tier 2
Department of Sustainability and Environment (DSE)	Tier 1
Department of Treasury and Finance (DTF)	Tier 1
Department for Victorian Communities (DVC)	Tier 1
Victoria Police (VicPol)	Tier 1

Board purchasing policies also apply to the ten administrative offices of which only VicPol is a major purchaser of goods and services. The other administrative offices operate through an allied department.

Any application by a department for a change in their level of accreditation is to be supported by a new management plan.

## Review of Strategic Procurement Policy

The VGPB introduced its Strategic Procurement Policy (SPP) in 2001.

The policy requires departments to prepare an SPP for purchases estimated to exceed \$10 million in value and for high risk or complex purchases of a lesser value.

Under the policy, the SPP must be approved by the VGPB (unless the value is within the department's accreditation limit) before proceeding to conduct a procurement process leading to the selection of a supplier. At the conclusion of the supplier selection process the matter is subject only to APU approval if the process conforms with the earlier Board approved SPP.

The SPP process was developed to:

- + improve procurement planning by departments
- + streamline the approval process for major projects by giving supplier selection approval to departments.

An options paper was prepared and departments were surveyed for views on the existing SPP process, major issues and suggestions for improvements.

The Board agreed in principle to revisions to the policy framework. These revisions will be incorporated into a revised policy which will be considered by the Board.

## About this Annual Report Strategic Priorities 2003-04

### Redevelopment of Contracts Publishing System

A further strategic priority for the Board was the redevelopment of the the Contracts Publishing System (CPS).

The Premier's policy statement "Ensuring Openness and Probity in Victorian Government Contracts" (October 2000) announced that information about all significant government contracts would be disclosed to the public. The CPS lists this information.

The CPS data includes summary details of all contracts in excess of \$100,000, and for contracts over \$10 million, the contracts are disclosed in full, subject to application of the exemption criteria in the *Freedom of Information Act* (1982).

The objective of the CPS redevelopment was to ensure that information is easy to find, that functionality is enhanced, and that the site meets user expectations. The new version has been redesigned by a usability expert in consultation with stakeholders, to comply with accessibility and usability principles.

When the website is rolled out early in 2004-05, its new features will include a more sophisticated look and feel; an intuitive navigation system; basic and advanced search facilities; 'Frequently Asked Questions' and 'Contact Us pages'; a comprehensive online Help facility and links to related websites.

### Review of Endorsed Supplier Arrangement

In December 2002, the VGPB agreed to review the procurement policy for information and communications technology (ICT) goods and services. The 2002 policy allowed departments to purchase ICT from suppliers on the Commonwealth ESA if a Victorian WofG contract or standing offer arrangement (SOA) was not available. Under this policy departments were exempted from public tendering for purchases between \$15,000 and \$1 million.

At its December 2003 meeting, the VGPB agreed to bring purchases of ICT into line with the general public tender policy at the end of the financial year 2003-04. Accordingly, from 1 July 2004, all purchases of ICT goods and services valued \$100,000 or more, are to be undertaken by a public tender, unless the purchase is:

- + from an existing WofG contract or SOA
- + exempt from public tender, as granted by the department's Accountable Officer (a Department's Secretary or equivalent or his/her delegate).

Departments may seek quotes from ESA suppliers for purchases under \$100,000.

Departments, the IT Managers' Forum and Australian Information Industry Association were consulted during the review.

### Analysis of Purchasing Recommendation Reports

The Purchase Recommendation Report (now Procurement Process Report) was reviewed in 2003 to make it simpler to use and ensure that the latest policy objectives were addressed. The new report came into effect on 1 March 2004.

The Variation to Procurement Process Reports also came into effect on 1 March 2004 to manage reporting of changes to previously approved procurement activities.

## About this Annual Report

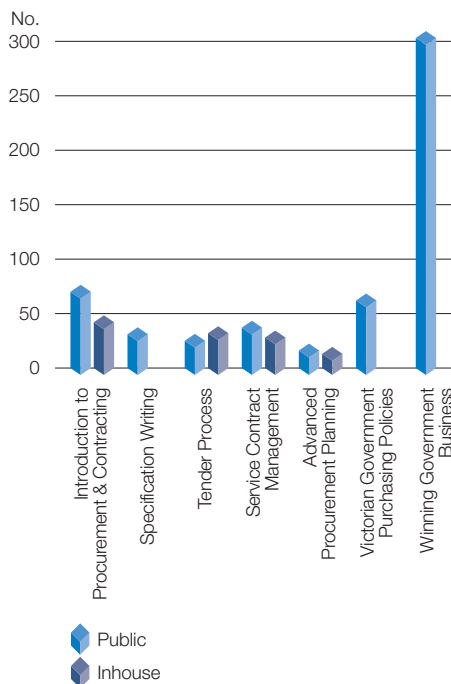
### Other Activities

#### Procurement Training

The Procurement and Contracting Centre for Education and Research (PACCER) was established to provide procurement and contracting training on behalf of the VGPB. This year was another successful year for PACCER, with 659 participants attending training – ranging from information sessions to competency-based training (see Figure 1).

All of PACCER's competency-based training materials are based on Public Sector Education and Training Australia (PSETA) competencies. PSETA recently completed a review of their training package, which is now with the Australian National Training Authority (ANTA) undergoing a quality assurance process. Once approved by ANTA, the revised standards will be incorporated into PACCER skills training courses, and into PACCER's Recognition of Current Competencies Self Assessment packages.

**Figure 1 Attendance levels at PACCER Training Sessions 2003-04**



#### Winning Government Business

The popular 'Winning Government Business' seminar presentation format was changed for metropolitan sessions, with the inclusion of a practitioner as a co-presenter. This new format was well received by participants, as buyer and practitioner perspectives can be discussed in the one forum.

For regional areas, greater access opportunities were achieved with the introduction of evening sessions, and further work is planned to further improve the seminar for regional participants.

#### PACCER Network

The PACCER Network consists of members from most jurisdictions of Australia, and continues as a value added activity of the Board. It's main function is giving practitioners from around the country the opportunity to discuss procurement training, and procurement in general.

The Network members were surveyed following the June 2004 videoconference and it was confirmed that the Network was still meeting its objectives. The PACCER Network supports the following objectives (established through Ministerial Agreements):

- + excellence in the purchasing profession
- + promotion of the need for procurement education and training for public sector staff
- + mutual recognition of certified competency levels
- + sharing purchasing expertise and knowledge through PACCER
- + PACCER as a key source of contract management training in goods and services
- + providing information for continued improvement and upgrading PACCER courses and delivery mechanisms.

Over the past two years there has been a greater focus on the value of the Network. The members are looking forward to continued knowledge sharing and discussion of new initiatives in each jurisdiction - in both training and in procurement related issues.





Procurement Activity in 2003-04







## Government Procurement Framework

This section provides information on departmental procurement process approvals (requisition approvals) equal to or above \$100,000<sup>1</sup> for the financial year 2003-04. Purchases below this level are generally not considered by Accredited Purchasing Units, and thus reporting by departments is not required in annual reports or procurement reports.

Purchases from WofG contracts and open standing offer arrangements are not reported in the following tables as they do not require APU approval. Wherever possible data from previous years is used for comparative purposes.

To establish the context in which government procurement operates, the following topics are provided in this section:

- + the accreditation of departments and approval process
- + types of requisitions
- + public tender requirements
- + variations to approved requisitions
- + procurement trends.

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<sup>1</sup> There is some data that relates to variations under \$100,000. See table 4.

## Accreditation of Departments and Approval Process

The VGPB and APUs assess requisitions in accordance with the Act and VGPB Procurement Policies (2002).

The Act, among other things, gives the VGPB the power to:

- + establish a framework to govern departmental requisition processes for goods and services (not including construction-related goods and services)
- + consider and approve requisitions for the purchase of goods and services on behalf of departments
- + monitor departmental compliance with procurement policies and Ministerial directions.

The VGPB accreditation system delegates the approval authority to APUs allowing them to note, endorse or approve requisitions, up to an accreditation level as granted by the VGPB. Requisitions above an APU's accreditation level and approval limit are referred to the VGPB.

This financial year's departmental Annual Procurement Reports, for the first time, seek confirmation of a department's progress towards implementing its commitments to maintain VGPB accreditation. More information about these commitments is provided in Table 9.

## Types of Requisitions

The VGPB and APUs consider and approve the following types of requisitions:

- PPR** Procurement Process Report. A document that summarises the procurement process undertaken by a department for the engagement of a contractor. In the past a PPR was referred to as a Requisition Summary, Purchase Recommendation Report and Form 1.
- SOA** Standing Offer Arrangement. There are two types of SOAs: Departmental and Open. A departmental SOA is a contract established by one Department for use by that department only. An Open SOA is a contract established by one Department and made available to other Departments. An Open SOA is similar to a whole-of-government arrangement but its use is discretionary.
- SPP** Strategic Procurement Plan. A document that outlines the procurement strategy for contracts that are valued in excess of \$10 million, or that are deemed to be of high risk or complexity. Most whole-of-government contracts are established after the approval of an SPP. Table 8 provides information about the SPPs approved in 2003-04.
- Variation** A variation outlines the nature of and justifications for a change to an approved requisition. Depending on the nature of the change, its effect on the total contract price, and who originally approved the requisition, a variation is approved by the Financial Delegate, APU and/or VGPB.

## Public Tender Requirements

VGPB Procurement Policies (2002) require that any requisition estimated to cost more than \$100,000 be subject to a public tender.

Public tendering involves testing the open market. This is consistent with the VGPB procurement principles of obtaining value for money and giving suppliers the best opportunity to do business with government.

Circumstances where the public tendering requirement does not apply include:

- + the types of activities listed in Schedule 1 of the *VGPB Procurement Policies*
- + purchases under existing WofG and SOAs contracts.

Grounds for an exemption include, but are not limited to:

- + matters of public health, security or safety
- + situations of genuine urgency
- + where the goods and/or services are required to be compatible with existing information technology environments.

The Accountable Officer is able to grant an exemption to the public tender requirement where there is sufficient evidence to justify an exemption being granted.

An exemption from the public tender requirement may still require the department to seek a minimum of three quotes unless the exemption also includes a waiver of this requirement.

## Variations to Approved Requisitions

A number of factors may necessitate variations to a previously approved requisition. Variations may relate to a change in the approved value of a contract, the contract period, key personnel, or scope of goods and services for delivery.



## Procurement Activity in 2003-04

### Procurement Trends for 2003-04

There are significant year-to-year differences in the number and value of requisition approvals. An increase in the value of requisition approvals does not equate to a similar increase in expenditure. The increased value of requisition approvals may arise from aggregation of departmental spending into a single contract or long-term contracts. This level of volatility is to be expected as departments commence and conclude major procurement programs, such as those under SPPs.

Requisition approval values include a combination of contract approvals and variation approvals.

Table 3 and Figures 2 to 4 provide a summary of the requisition approvals for 2003-04 and the previous four financial years.

The data shows that:

- + The value of all requisition approvals has decreased by one third compared to the last financial year (from \$2024.5 million down to \$1364.9 million). However, there is a higher number of requisition approvals (including variations) this year than last year (611 compared to 563)
- + In 2003-04, public tendering accounted for 57 per cent of the number of new requisition approvals, and 90 per cent of the value
- + The average value of a requisition in 2003-04 has decreased by one third from \$3.6 million per requisition in 2002-03 to \$2.2 million in 2003-04. This is due a higher number of requisition approvals with a lower aggregated value.

Figure 5 shows the value of requisition approvals by purchase type. It indicates that:

- + The value for services in 2003-04 is one fifth of the value for the same category in 2002-03 (from \$1641.2 million down to \$318.2 million)
- + The value of goods has more than doubled (from \$201.7 to \$526.8 million)
- + The value of consultancies is consistent for the five-year period
- + The value of variations has increased from \$164.6 million in 2002-03 to \$505.6 million in 2003-04.

**Table 3 Summary of Requisition Approvals >\$100,000 from 1999-00 to 2003-04**

## Value of requisition approvals by invitation process type (\$million)

Category	1999-00	2000-01	2001-02	2002-03	2003-04
Public tender	348.4	342.1	1422.6	1748.3	779.7
Exemption from public tender	58.2	26.0	26.5	40.5	8.6
Exemption from public tender and three quotes	40.1	146.0	55.2	71.1	71.0
Variations	51.8	62.4	111.0	164.6	505.6
<b>Totals</b>	<b>498.5</b>	<b>576.5</b>	<b>1615.3</b>	<b>2024.5</b>	<b>1364.9</b>

## Number of requisition approvals by invitation process type

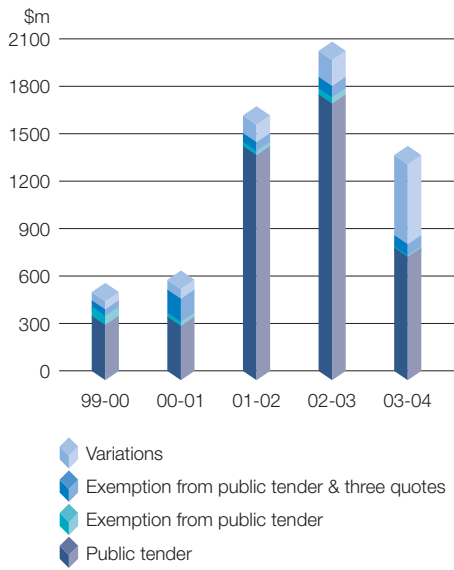
Category	1999-00	2000-01	2001-02	2002-03	2003-04
Public tender	290	328	365	301	246
Exemption from public tender	86	58	46	24	26
Exemption from public tender and three quotes	33	59	86	114	155
Variations	77	72	79	124	184
<b>Totals</b>	<b>486</b>	<b>517</b>	<b>576</b>	<b>563</b>	<b>611</b>

## Average value of requisition approvals by invitation process type (\$million)

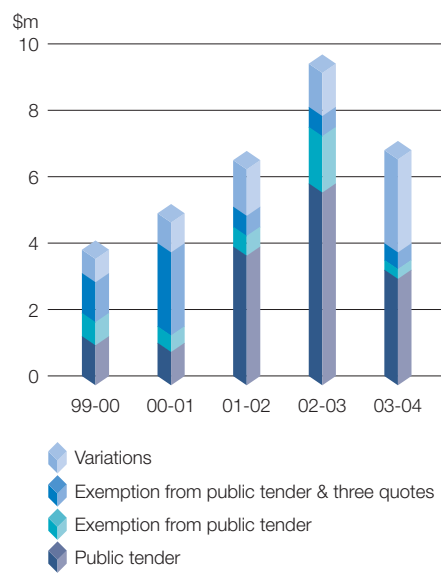
Category	1999-00	2000-01	2001-02	2002-03	2003-04
Public tender	1.2	1.0	3.9	5.8	3.2
Exemption from public tender	0.7	0.5	0.6	1.7	0.3
Exemption from public tender and three quotes	1.2	2.5	0.6	0.6	0.5
Variations	0.7	0.9	1.4	1.3	2.8
<b>Totals</b>	<b>1</b>	<b>1.1</b>	<b>2.8</b>	<b>3.6</b>	<b>2.2</b>

# Procurement Activity in 2003-04

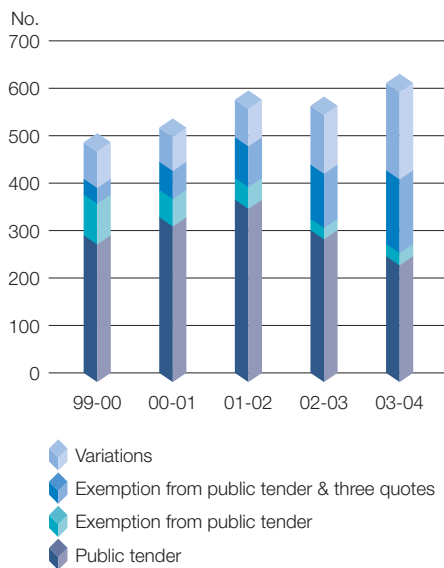
**Figure 2 Value of Requisition Approvals >\$100,000 by Invitation Process Type (\$million) from 1999-00 to 2003-04**



**Figure 4 Average Value of Requisition Approvals by Invitation Process Type (\$m/Requisition) from 1999-00 to 2003-04**



**Figure 3 Number of Requisition Approvals >\$100,000 by Invitation Process Type from 1999-00 to 2003-04**



**Figure 5 Value of Requisition Approvals >\$100,000 by Purchase Type from 1999-00 to 2003-04**

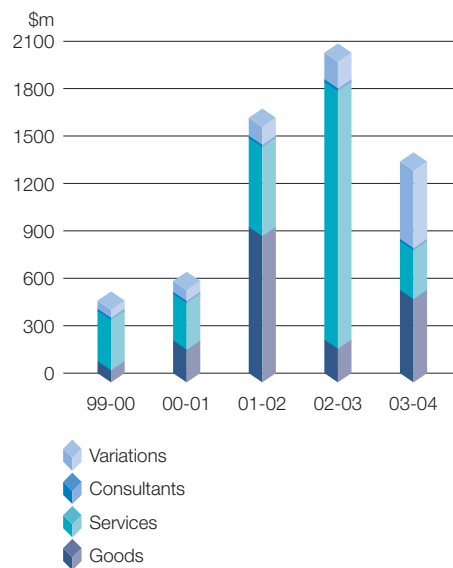


Table 4 provides a breakdown of requisition approvals in 2003-04 by purchase type, number, dollar threshold and value. The data shows that:

- + Most requisition approvals fall within the \$100,000 to \$500,000 bracket (61 per cent of the total number)
- + Services accounted for 50 per cent of the total number of requisition approvals
- + Only 2.5 per cent of the total number of requisition approvals were over \$10 million
- + The number and value of consultancies, like other years, is relatively low (6.7 per cent of the total number and 1 per cent of the total value)
- + Thirty per cent of the requisition approvals relate to variations. The value of those variations accounts for 37 per cent of the total value.

**Table 4 Composition of Requisition Approvals by Purchase Type, Number, Dollar Threshold and Value for 2003-04**

Purchase Type	\$0-\$99,000	\$100,000-\$500,000	\$500,001-\$1,000,000	\$1,000,001-\$10,000,000	>\$10,000,000	Total number	Total value (\$million)
Goods	0	50	10	17	6	83	526.8
Services	0	221	34	43	5	303	318.2
Consultancies	0	36	3	2	0	41	14.3
Variations	75	68	15	22	4	184	505.6
<b>Totals</b>	<b>75</b>	<b>375</b>	<b>62</b>	<b>84</b>	<b>15</b>	<b>611</b>	<b>1364.9</b>



## Procurement Activity in 2003-04

### Departmental Procurement Activities

Under section 54C of the Act, the VGPB requires each department's Accountable Officer to provide information relating to the procurement of goods and services. This information is provided in an Annual Procurement Report for each financial year.

Annual Procurement Reports collect information relating to:

- + the number and value of requisition approvals (including variations)
- + details of non-compliance (breaches) with *VGPB Procurement Policies*
- + progress towards the development of procurement frameworks including internal instructions and electronic systems
- + provision or support of procurement training activities
- + APU membership and attendance
- + results of audits of the procurement function
- + an APU's commitments to its VGPB accreditation.

#### APU Requisition Approvals by Department

In 2003-04, APUs considered and approved 611 requisitions with a total value of \$1,365,019,760 (\$1.365 billion). The average number and value of requisition approvals per APU is 55 and \$124 million respectively. The average value per requisition is \$2.2 million.

Table 5 and Figure 6 provide details of the number of requisition approvals by individual APUs from 1999-00 to 2003-04. Machinery-of-government changes in December 2002 resulted in the establishment of three new departmental APUs: DPI; DSE and DVC. The data for these APUs for all financial years is therefore not available.

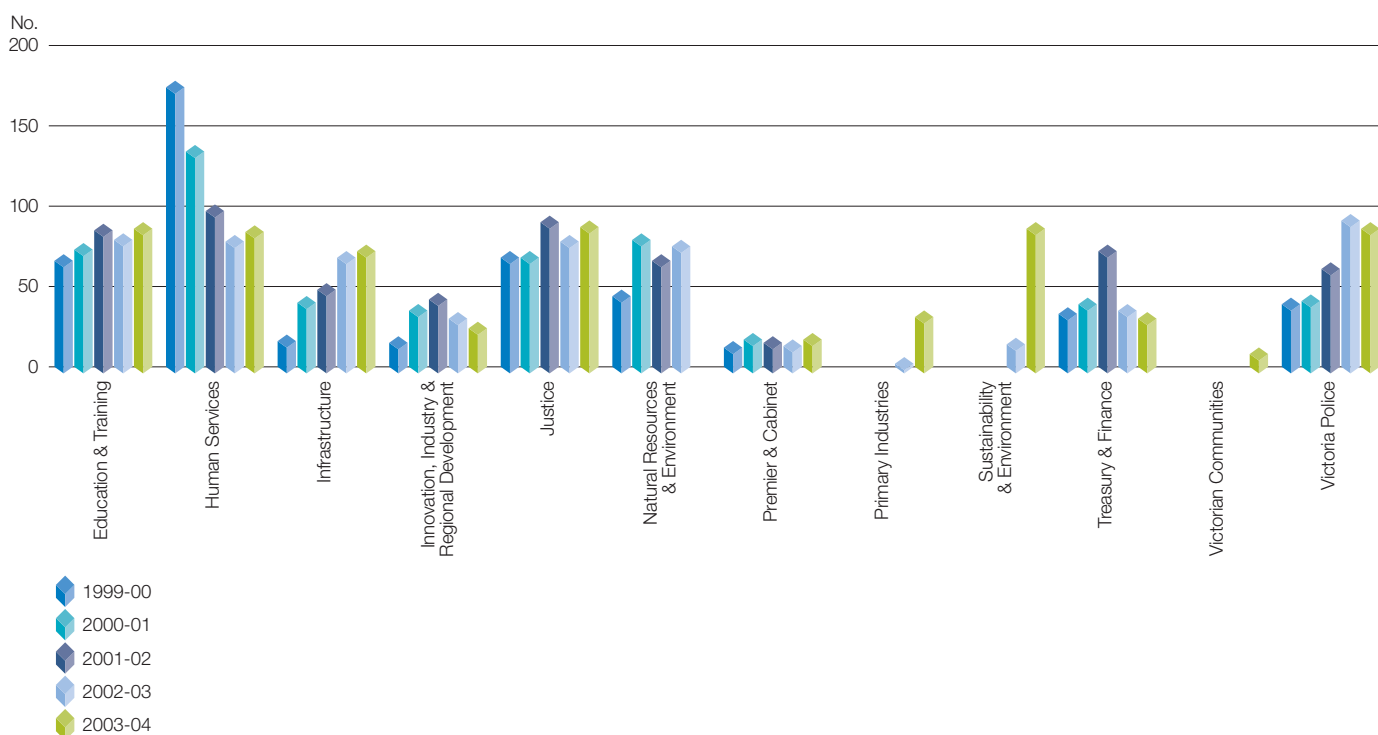
The findings are:

- + Over the five-year period the number of requisition approvals for DET has steadily increased
- + The number of DHS requisition approvals dropped dramatically from 174 in 1999-00 to 84 in 2003-04, a change of 52 per cent
- + The number of DIIRD requisition approvals has dropped by 43 per cent between 2001-02 and 2003-04
- + The number of DTF requisition approvals peaked at 72 in 2001-02, but is relatively consistent across other financial years, at approximately 34.

**Table 5** Number of APU Requisition Approvals by Department from 1999-00 to 2003-04

Department	1999-00	2000-01	2001-02	2002-03	2003-04
Education and Training	66	73	85	79	86
Human Services	174	134	97	78	84
Infrastructure	16	40	48	68	72
Innovation, Industry and Regional Development	15	35	42	30	24
Justice	68	68	90	78	87
Natural Resources and Environment	44	79	66	75	0
Premier and Cabinet	12	17	15	13	17
Primary Industries	0	0	0	2	31
Sustainability and Environment	0	0	0	14	86
Treasury and Finance	33	39	72	35	30
Victorian Communities	0	0	0	0	8
Victoria Police	39	41	61	91	86
<b>Totals</b>	<b>467</b>	<b>526</b>	<b>576</b>	<b>563</b>	<b>611</b>

**Figure 6** Number of APU Requisition Approvals by Department from 1999-00 to 2003-04



## Procurement Activity in 2003-04 Departmental Procurement Activities

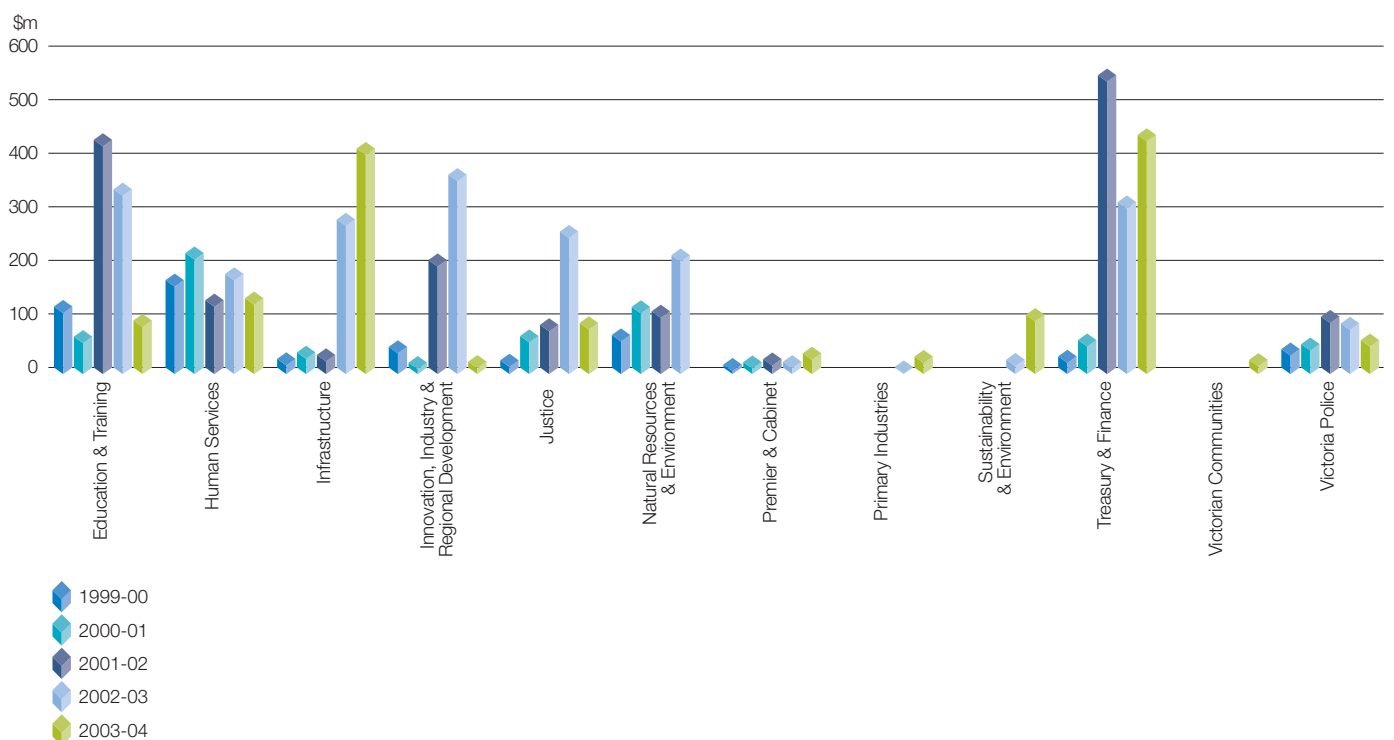
Table 6 and Figure 7 show the value of requisition approvals for each department from 1999-00 to 2003-04. They show that:

- + The value of requisition approvals for DET has dropped significantly (by 79 per cent) from 2001-02 to 2003-04, from \$425.1 million to \$87.7 million
- + The value of requisition approvals for DOI has increased significantly over the five-year period, from \$16 million in 1999-00 to \$408.7 million in 2003-04
- + There has been a large decrease in the value of requisition approvals from 2002-03 to 2003-04, as there was a major requisition approval totalling more than \$1 billion in 2002-03.

**Table 6 Value of APU Requisition Approvals by Department from 1999-00 to 2003-04 (\$million)**

Department	1999-00	2000-01	2001-02	2002-03	2003-04
Education and Training	113.8	57.5	425.1	332.7	87.7
Human Services	163.0	213.6	125.6	174.7	129.3
Infrastructure	16.0	28.3	23.5	276.4	408.7
Innovation, Industry and Regional Development	38.6	9.1	200.6	360.0	10.9
Justice	13.4	58.8	79.7	253.9	83.2
Natural Resources and Environment	60.6	113.1	104.9	209.8	0.0
Premier and Cabinet	5.4	10.1	15.8	10.7	26.6
Primary Industries	0.0	0.0	0.0	0.5	20.4
Sustainability and Environment	0.0	0.0	0.0	14.6	98.5
Treasury and Finance	20.8	51.1	545.8	308.9	434.3
Victorian Communities	0.0	0.0	0.0	0.0	14.4
Victoria Police	34.3	43.7	95.2	82.3	50.9
<b>Totals</b>	<b>465.9</b>	<b>585.3</b>	<b>1616.2</b>	<b>2024.5</b>	<b>1364.9</b>

**Figure 7 Value of APU Requisition Approvals by Department from 1999-00 to 2003-04 (\$million)**



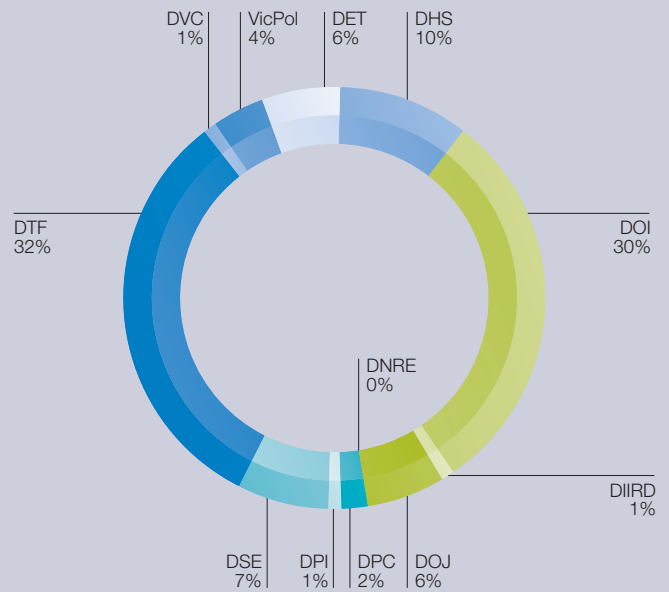
## Procurement Activity in 2003-04 Departmental Procurement Activities

Figure 8 shows the percentage of total value of requisition approvals by department. It shows that, combined, DOI and DTF contributed to 62 per cent of the total value of requisition approvals. Five of the eleven departments each contributed less than 5 per cent of the total value.

Table 7 and Figure 9 show the average value of APU requisition approvals over the last five financial years. The findings are:

- + Over the five-year period to 2003-04, the average value per requisition for DTF has increased noticeably, from \$0.63 million in 1999-00 to \$14.48 million in 2003-04
- + The average value of requisition approvals for DET and VicPol has decreased over the period 2001-02 to 2003-04, while the value of requisition approvals for DOI and DPC has increased over the same period
- + The average value of requisition approvals for DIIRD and DOJ has decreased significantly between 2002-03 and 2003-04 (96 per cent and 71 per cent respectively).

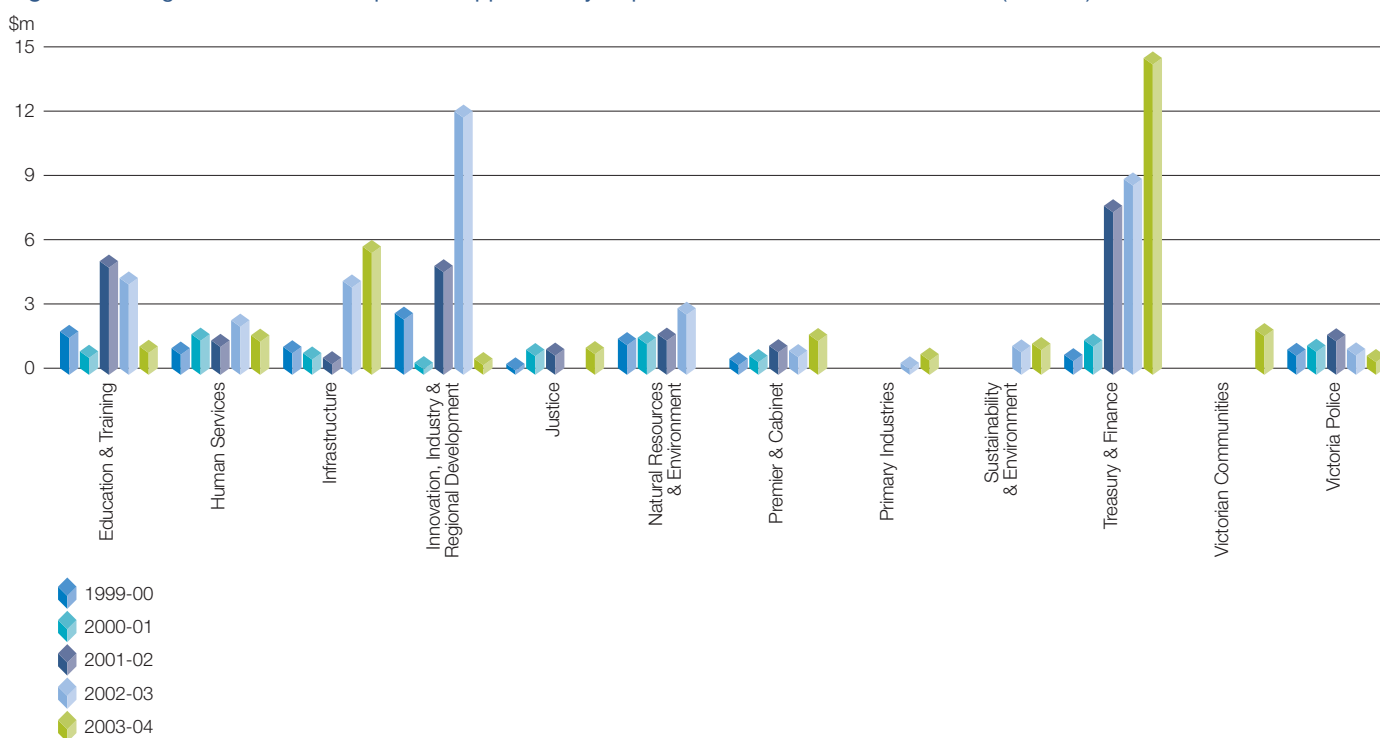
**Figure 8 Per Centage of Total Value of APU Requisition Approvals by Department for 2003-04**



**Table 7 Average Value of APU Requisition Approvals by Department from 1999-00 to 2003-04 (\$million)**

Department	1999-00	2000-01	2001-02	2002-03	2003-04
Education and Training	1.72	0.79	5.00	4.21	1.02
Human Services	0.94	1.59	1.30	2.24	1.54
Infrastructure	1.00	0.71	0.49	4.07	5.68
Innovation, Industry and Regional Development	2.57	0.26	4.78	12.00	0.45
Justice	0.20	0.87	0.89	3.26	0.96
Natural Resources and Environment	1.38	1.43	1.59	2.80	0.00
Premier and Cabinet	0.45	0.59	1.05	0.82	1.57
Primary Industries	0.00	0.00	0.00	0.25	0.66
Sustainability and Environment	0.00	0.00	0.00	1.04	1.15
Treasury and Finance	0.63	1.31	7.58	8.83	14.48
Victorian Communities	0.00	0.00	0.00	0.00	1.80
Victoria Police	0.88	1.07	1.56	0.90	0.59
<b>Average Value</b>	<b>1.00</b>	<b>1.11</b>	<b>2.81</b>	<b>3.60</b>	<b>2.23</b>

**Figure 9 Average Value of APU Requisition Approvals by Department from 1999-00 to 2003-04 (\$million)**



## Procurement Activity in 2003-04

### Departmental Procurement Activities

Table 8 shows the number and value of all Strategic Procurement Plans (SPPs) in 2003-04. The table indicates that:

- + 11 SPPs were approved in 2003-04 with a total value of \$1.28 billion. Much of this value is attributed to the Telecommunications Purchasing and Management Strategy (TPAMS) – Stage 2, a procurement activity estimated to cost over \$1 billion
- + The second highest value SPP is from VicPol for its Air Wing and Metropolitan Ambulance Services contract
- + DTF had the highest number of SPPs (4) followed by VicPol (3).

#### Breaches of VGPB Procurement Policies

Section 54L of the Act, requires all Accountable Officers and other departmental staff to comply with supply policies (VGPB Procurement Policies) whenever acquiring goods and services. A failure to comply with supply policies constitutes a breach.

All breaches are reported to the VGPB in the Annual Procurement Report, and where necessary, the relevant Minister is informed.

Where a breach involves a financial commitment above \$100,000 the Accountable Officer is to report immediately to the VGPB. The VGPB will note the breach (and the remedial actions undertaken to prevent re-occurrence) and the department may finalise the outstanding financial matter upon gaining appropriate approval from its financial delegate.

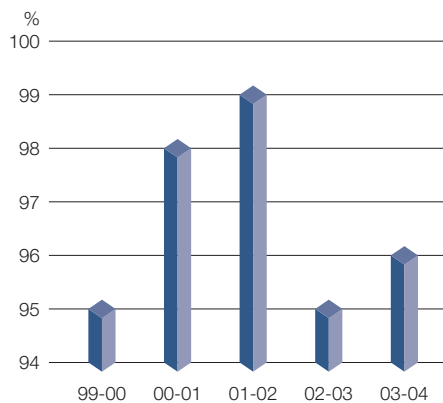
- + There were 23 breaches of supply supplies equating to 3.7 per cent of the total number of requisition approvals
- + Three departments (DPC, DPI and DVC) recorded no breaches.

Figure 10 shows the level of departmental compliance to VGPB Procurement Policies for 2003-04. It shows that the level of compliance has improved since the last financial year.

**Table 8 Number and Value of Strategic Procurement Plans (SPPs) in 2003-04 (\$million)**

Department	Number	Value (\$million)	Description
Education and Training	1	21.3	Desktop and file server software
Infrastructure	1	1,007.0	Telecommunications Purchasing and Management Strategy (TPAMS) – Stage 2
Primary Industries	1	0.3	Upgrade and modification of a laboratory facility
Sustainability and Environment	1	17.5	Log harvesting and haulage service for Forestry Victoria
Treasury and Finance	4	25.0	IT services for DTF and DPC
		14.0	WofG electricity (>750 MWh sites) contract
		66.0	WofG cash and banking contract
		0.5	Corporate reporting and financial appraisal services
Victoria Police	3	7.5	Victoria Police Operational Support System
		119.0	Victoria Police Air Wing and Metropolitan Ambulance Services
		2.0	Uniform shirts
<b>Totals</b>	<b>11</b>	<b>\$1,280.1</b>	

**Figure 10 Government Level of Compliance to VGPPB Procurement Policies from 1999-00 to 2003-04**





## Procurement Activity in 2003-04 Departmental Procurement Activities

### **Accredited Purchasing Unit Activities**

Table 9 is a summary of the major activities undertaken by each APU. This table provides information about strategic projects and initiatives including progress towards:

- + the implementation of electronic procurement
- + skill development and training
- + communication activities that facilitate the operation of the APUs
- + implementation of commitments under APU accreditation.

**Table 9 APU Activities in 2003-04**

Department/APU	Summary of Activities
<b>Education and Training</b>	Some of the activities undertaken by the DE&T APU include:
Gail Hart is General Manager, Corporate Services Division, and is the DET APU Chair.	<ul style="list-style-type: none"> <li>+ in-house training</li> <li>+ review of template documentation</li> <li>+ revision of guidelines for hospitality, travel and consultancies</li> <li>+ review of procurement documentation for schools</li> <li>+ establishment of a working party to develop a contract management system</li> <li>+ re-alignment of workflow approval arrangements on EC4P</li> <li>+ enhancement of the <i>Purchasing@DET</i> intranet site</li> <li>+ establishment of a Board to oversee the disposal of surplus assets.</li> </ul>
<b>Human Services</b>	Some of the activities undertaken by the DHS APU include:
Phil Proudfoot, is Manager, Administrative Services, and the DHS APU Chair.	<ul style="list-style-type: none"> <li>+ integration of the procurement policy and operational functions areas</li> <li>+ update of the e-Guide</li> <li>+ continued operation of the Funding &amp; Purchasing Policy Contract Officer (FAPPco) network</li> <li>+ development of a new Contract Management Database</li> <li>+ continued use of EC4P</li> <li>+ development of a risk management framework and guidelines</li> <li>+ development of a Quick Reference Guide</li> <li>+ establishment of a Contract Working Group.</li> </ul>
<b>Infrastructure</b>	Some of the activities undertaken by the DOI APU include:
Tony Butler is Director of Contract Services and Risk Management, and the DOI APU Chair.	<ul style="list-style-type: none"> <li>+ promulgation of three new internal procurement policies</li> <li>+ changes to internal delegations for contracting, coupled with further strengthening of governance mechanisms</li> <li>+ maintenance and enhancement of the <i>Contracts Management System</i> including reconciliation between this system and the VGPB's <i>CPS</i></li> <li>+ improvements to the <i>Contracting DOI</i> database</li> <li>+ continued development of the <i>Construction Supplier Register</i></li> <li>+ in-house training.</li> </ul>

## Procurement Activity in 2003-04

### Departmental Procurement Activities

Department/APU	Summary of Activities
<b>Innovation, Industry and Regional Development</b>	Some of the activities undertaken by the DIIRD APU include:
Debbie Goodin is Deputy Secretary, Corporate Services, and was the DIIRD APU Chair until April 2004. Vivienne Stanford is Director, Corporate Governance and Administration, and is the Acting Chairperson of the APU.	<ul style="list-style-type: none"> <li>+ continued enhancement of RFT/EOI documentation and a standard contract</li> <li>+ an audit of contract management practices</li> <li>+ implementation of Oracle Purchasing and Workflow</li> <li>+ continued support of PACCER training courses.</li> </ul>
<b>Justice</b>	Some of the activities undertaken by the DOJ APU include:
John Charleson is Executive Director, Corporate Services, and the DOJ APU Chair.	<ul style="list-style-type: none"> <li>+ development of <i>Procurement@Justice</i>, an online resource for procurement and contract management</li> <li>+ implementation of the <i>Government Infrastructure Management System (GIMS) Contract Management System</i>, planned for 2005</li> <li>+ development of an APU Induction Package</li> <li>+ implementation of client surveys</li> <li>+ piloting of APET, an electronic tender evaluation tool.</li> </ul>
<b>Premier and Cabinet</b>	Some of the activities undertaken by the Central Agencies APU include:
Sue Hamilton and Warren Hodgson are the joint APU Chairs for the Central Agencies APU, which services DPC and DTF. Sue is Director of Organisational Development in DPC, and Warren is Deputy Secretary, Commercial Division in DTF.	<ul style="list-style-type: none"> <li>+ review of the Purchasing and Contracting database</li> <li>+ development of checklists for WofG and OSOA contracts, tenders and quotations</li> <li>+ establishment of a Service Charter</li> <li>+ a review of the delegation for granting exemptions</li> <li>+ in-house procurement training.</li> </ul>
<b>Primary Industries</b>	Some of the activities undertaken by the DPI APU include:
Richard Aldous is Executive Director, Minerals & Petroleum, and the DPI APU Chair.	<ul style="list-style-type: none"> <li>+ review of business services</li> <li>+ continued shared services with DSE, and more recently, DVC</li> <li>+ redevelopment of the <i>Procurement and Contracting</i> intranet</li> <li>+ continued integration of procurement into business and budget planning</li> <li>+ random audits of procurement processes conducted by business units</li> <li>+ provision of internal training courses</li> <li>+ continued use of EC4P, including development of a punch-out supplier catalogue facility</li> <li>+ piloting of a self-booking tool for air travel, hotel and car bookings.</li> </ul>

Department/APU	Summary of Activities
<p><b>Sustainability and Environment</b></p> <p>Ian Ireson is Deputy Director, Land Registry (Land Victoria), and the DSE APU Chair.</p>	<p>Some of the activities undertaken by the DSE APU include:</p> <ul style="list-style-type: none"> <li>+ implementation of a new <i>Procurement and Contracting</i> website</li> <li>+ development of a standard form contract for fire-fighting aircraft</li> <li>+ development of a <i>Contracts Register</i> on Oracle, a shared facility between DSE, DPI and DVC</li> <li>+ recentralisation of tender box management</li> <li>+ continued support of skills development.</li> </ul>
<p><b>Treasury and Finance</b></p> <p>See entry under Premier and Cabinet.</p>	<p>Additional activities undertaken within Treasury and Finance include:</p> <ul style="list-style-type: none"> <li>+ development of a contracts register on Ariba</li> <li>+ monitoring trends in all purchases over \$50,000</li> <li>+ development of an environmental purchasing guide and checklists.</li> </ul>
<p><b>Victorian Communities</b></p> <p>Stephen Gregory is Chief Financial Officer, and DVC APU Chair.</p>	<p>Some of the activities undertaken by the DVC APU include:</p> <ul style="list-style-type: none"> <li>+ development of a document stating the Department's procurement policies and procedures, including checklists and information sheets</li> <li>+ establishment of shared services with DPI (finance system), DOI (IT) and Accenture (HR)</li> <li>+ development of an intranet page for procurement policies and related information</li> <li>+ investigation into the use of process mapping tools and electronic evaluation tools</li> <li>+ development of a desktop reference guide</li> <li>+ development of a contract management register in collaboration with DPI and DSE.</li> </ul>
<p><b>Victoria Police</b></p> <p>Cliff Owen is Director, Business Management Department, and the VICPOL APU Chair.</p>	<p>Some of the activities undertaken by the VICPOL APU include:</p> <ul style="list-style-type: none"> <li>+ deployment of EC4P and training of 10,000 personnel</li> <li>+ development of a contract reporting function in Oracle</li> <li>+ internal audits of the procurement function</li> <li>+ establishment of a Procurement Advisory Unit</li> <li>+ establishment of a Contract Management and Procurement position for the 2006 Commonwealth Games.</li> </ul>



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Appendix, Glossary and Index





**Minister for Finance**

Level 5, 1 Macarthur Street  
Melbourne Victoria 3002  
Telephone (03) 9651 1700  
Facsimile (03) 9651 1979

**FINANCIAL MANAGEMENT ACT 1994  
DIRECTION UNDER SECTION 54K(1)  
VICTORIAN GOVERNMENT PURCHASING BOARD**

Pursuant to section 54K(1) of the **Financial Management 1994 I**, JOHN LENDERS, Minister for Finance of the State of Victoria HEREBY DIRECT the Victorian Government Purchasing Board ("VGPB") to execute deeds in the form of the attached document for the following members of the board of the VGPB:

1. Bruce Charles Hartnett
2. Mark Phillip Burford
3. Karen Patricia Cleave
4. Debra Joy Counsell
5. Marisa Filomena De Cicco
6. Geoffrey William Fary
7. William John Hall
8. Andrew Albert Hockley
9. Robin Conway Jarvis-Read,

and, until any further direction by the Minister administering section 54K(1) of the **Financial Management 1994** for the time being from time to time to the contrary, for all future members of the board of the VGPB.

Dated the 12th day of February 2004

**JOHN LENDERS MP**  
Minister for Finance





**Victorian Government Purchasing Board and  
(Full Name of Member) Deed**

This Deed is made on 2003

Between

**Victorian Government Purchasing Board**  
a body corporate established under section 54A of the  
*Financial Management Act 1994* (Victoria) (“**Board**”)

and

[Full Name of Member]  
of [residential address of Member] (“**Member**”)

**Recitals**

- A The Member is a board member of the Board.
- B The Board wishes to enter into this Deed as part of the terms of appointment of the Member as a board member of the Board.
- C Section 198F of the *Corporations Act 2001* (Commonwealth) (“section 198F”) provides a director of a company bound by section 198F with a right:
- i) while a director to inspect and make copies of the books of the company (excluding financial records of the company); and
  - ii) for seven years after ceasing to be a director to inspect and make copies of the books of the company (including the financial records of the company);
- in either case for the purposes of a legal proceeding:
- iii) to which the director is a party; or
  - iv) that the director proposes in good faith to bring; or
  - v) that the director has reason to believe will be brought against him or her.
- Section 198F does not limit any right of access to company books that a person has apart from section 198F.
- D Section 290 of the *Corporations Act 2001* (Commonwealth) (“section 290”) provides a director of a company bound by section 290 with a right of access during the director’s term of office to the financial records of the company.
- E The purpose of this Deed is to give the Member the benefit of rights under sections 198F and, if applicable, section 290 and certain other related rights.
- F The Board has been directed by the Minister for Finance of the State of Victoria to execute this Deed pursuant to section 54K(1) of the *Financial Management Act 1994* (Victoria).

**Operative Provisions**

**1. Access to Books**

- 1.1 If the Board is not bound by section 198F—
- a) the Board agrees to act as if it were so bound; and
  - b) the Member has the rights conferred by section 198F as if the Board was bound by section 198F.
- 1.2 If the Board is bound by section 198F, the Board affirms that it is so bound.
- 1.3 If the Board maintains, or is required by law to maintain, financial records, and, if the Board is not bound by section 290—
- a) the Board agrees to act as if it were so bound; and
  - b) the Member has the rights conferred by section 290 as if the Board was bound by section 290.
- 1.4 If the Board is bound by section 290, the Board affirms that it is so bound.
- 1.5 If the Member is not a director within the meaning of the *Corporations Act 2001* (Commonwealth) (“director”), then for the purposes of this Deed only, the Member is deemed to be a director.
- 1.6 The rights conferred by section 198F, for the purposes of this Deed, may be exercised by the Member not only for the purposes of a legal proceeding as described in section 198F but also for the purposes of responding to or attending any official investigation, inquiry or Commission.

**2. Duty of Board to Retain Books**

- 2.1 The Board will ensure that a complete set of all books of the Board to which sections 198F, and, if applicable, section 290 apply are kept in a manner that allows the Member to exercise the Member’s rights under clause 1 of this Deed.
- 2.2 Without derogating from any other obligation of the Board concerning the retention of books or records of the Board, the Board will keep the books of the Board for a period of seven years from the date that the Board first comes into the possession, custody or control of the books.

### 3. Duty of Members to Maintain Confidentiality in Relation to Books

3.1 The Member must during and after the period of his or her term in office—

- a) subject to clause 3.1(b), maintain the confidentiality of any books of the Board, whether access to those books has been granted under this Deed or not, and of any copies of any books of the Board, whether those copies have been made pursuant to this Deed or not; and
- b) use books of the Board to which access has been granted under this Deed, or copies of books of the Board obtained under this Deed only for the purposes referred to in clause 1.6; and
- c) return books of the Board obtained under this Deed to the Board when the last of any such legal proceedings, official investigations, inquiries or Commissions to which the books relates ceases.

3.2 Clause 3.1 does not prevent the Member from making the books of the Board, or copies thereof, available (with the same limitations) to any expert or adviser in relation to any legal proceeding, official investigation, inquiry or Commission of a kind referred to in clause 1.6.

### 4. Duty to Maintain Insurance

4.1 If during the Member's term of office the Board has maintained a policy of insurance in favour of the Member in relation to his or her acts or omissions as a board member, the Board must maintain for at least 7 years after the Member ceases to be a board member similar insurance on terms no less favourable than the insurance maintained in relation to the Member on the date the Member ceases to be a board member of the Board.

### 5. Notices

5.1 A notice or other communication is properly given or served if the party delivers it by hand, posts or transmits it by electronic mail/facsimile to the address of the other, marked to their attention.

5.2 Each party will advise the other of any change in his, her or its address.

5.3 A notice or other communication is deemed to be received—

- a) if sent by post, at the time it would have been delivered in the ordinary course of the post to the address to which it was sent; or
- b) if sent electronically, at the time the machine on which it has been sent records that has been transmitted satisfactorily; or
- c) if delivered by hand, the party who sent the notice holds a receipt for the notice by a person employed at the physical address for service.

### 6. Law of Deed

6.1 This Deed will be governed by and construed in accordance with the law for the time being in force in the State of Victoria and the parties agree to submit to the jurisdiction of the courts and tribunals of that State.

### 7. Entire Agreement

7.1 With the exception of the Constitution of the Board, if any, this Deed constitutes the entire agreement of the parties as to its subject matter and supersedes all prior representations and agreements in connection with that subject matter.

7.2 There are no extraneous agreements, representations or undertakings, either express or implied, that affect this Deed.

7.3 Nothing in this Deed shall operate so as to exclude, restrict or modify any provision of the Constitution of the Board, if any.

### 8. Severability

8.1 If the whole or any part of a provision of this Deed is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction and the remainder of this Deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected.

8.2 This clause has no effect if the severance alters the basic nature of this Deed.

### 9. Counterparts

9.1 This Deed may be executed in any number of counterparts and all of those counterparts taken together constitute the same instrument.

### 10. Interpretation

10.1 Unless a contrary intention appears in this Deed, words referred to in this Deed have the same meaning as defined in the Dictionary in section 9 of the *Corporations Act 2001* (Commonwealth).

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Appendix

Executed as a Deed

The Common Seal of Victorian Government Purchasing Board is affixed in accordance with section 54A of the *Financial Management Act 1994* (Victoria) in the presence of:

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*Member*

---

*Member*

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*Name of Member*

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*Name of Member*

Signed Sealed and Delivered by  
[Full Name of Member]

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*Name of Member*

in the presence of:

---

*Witness*

---

*Name of Witness (print)*

## VGPB Annual Report 2003-04 Glossary

ANTA	Australian National Training Authority	PACCER	Procurement and Contracting Centre for Education and Research
APU	Accredited Purchasing Unit	PPR	Purchase Recommendation Report
CPS	Contracts Publishing System	procurement	All activities relating to the purchase of goods and services within an organisation
DET	Department of Education and Training	Procurement Group	A group within Commercial Division, DTF that provides secretariat and other services to the VGPB
DHS	Department of Human Services	PSETA	Public Service Education and Training Australia
DIIRD	Department of Innovation, Industry and Regional Development	requisition approvals	Departmental procurement process approvals
DOI	Department of Infrastructure	SPC	State Purchase Contracts
DOJ	Department of Justice	SPP	Strategic Procurement Plan
DPC	Department of Premier and Cabinet	<i>The Act</i>	<i>The Financial Management Act 1994</i>
DPI	Department of Primary Industries	the Hon	the Honourable
DSE	Department of Sustainability and Environment	TPAMS	Telecommunications Purchasing and Management Strategy
DTF	Department of Treasury and Finance	VECCI	Victorian Employers Chamber of Commerce and Industry
DVC	Department for Victorian Communities	VGPB	Victorian Government Purchasing Board
ESA	Endorsed Supplier Arrangement	VicPol	Victoria Police
ICT	Information and Communications Technology	WofG	Whole of Government
IT	Information Technology		
MP	Member of Parliament		
SOA	Standing Offer Arrangement		

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