

STATE SUPPLY COMMISSION REFORMS

Statement by Minister for Services

MR JOHNSON (Hillarys - Minister for Services) [9.01 am]: I inform the House about further progress in reforming procurement and contract management within the public sector. Last month I announced the appointment of a new State Supply Commission Board, chaired by successful Western Australian businesswoman Jenni Ballantyne. For the first time, regional business expertise is reflected in the board's make-up. I expect the new, invigorated board to spearhead the promotion of best procurement practice within the public sector for the benefit of all Western Australians. The State Supply Commission Board will also continue to act as the principal advisory body, as envisaged by the Crown Solicitor and the ministerial consultative committee reviews.

I have also established a process review panel to improve accountability by providing a new mechanism for handling supplier grievances that relate to the procurement process. The panel comprising Dr Ken Michael, David Cannon and Tony Hughes is now operational.

Another reform has been the expansion of the State Tenders Committee and the broadening of its role in recognition of the increasing complexity of the contracting environment. A key measure will see all public authorities being required to submit their procurement plans and contract award recommendations for purchases above selected thresholds to the State Tenders Committee for endorsement. The minimum threshold value to which this applies is \$250 000. These changes mean that some agency contracts previously dealt with in-house will now be scrutinised by the State Tenders Committee.

In response to issues raised by the Auditor General in his report earlier this year, new guidelines for the management of software contracts have been developed. The guidelines provide direction for agencies on responsibilities and procedures for management of software contracts. These guidelines have been distributed to all public authorities. In addition, the Department of Contract and Management Services will increase its professional development program to specifically target staff involved in the management of software contracts.

I take this opportunity to table a health check review of the public sector procurement and contracting environment by management consultancy company Cap Gemini Ernst and Young. This is the first time the Government has initiated such a review, and it provides analysis of agency performance, in addition to work undertaken by the Auditor General. The health check involved 15 agencies and spanned 73 contracts. The report confirmed some weaknesses identified previously by the Auditor General and has provided valuable information for targeting further improvements to contract management within the public sector. As a result, I have moved to ensure that, as a major priority, the State Supply Commission develops a risk management and competencies framework for agencies.

Additionally, a guideline for internal audit planning to focus agencies' attention on auditing compliance with the implementation and management of procurement and contracting policies has been developed and distributed to all public authorities by the State Supply Commission.

Furthermore, I have completed a major tour of the regions, canvassing the views of small business on proposed changes to government purchasing policy. I expect the new buy local policy to be presented to Cabinet next month, and I will make a further statement at that time.

I have stated on several occasions that procurement and contracting in the public sector is well managed under this Government. The Auditor General supported this view when he said in his report No 1 of this year that he was aware of many examples of innovation and service improvement by the public sector that reflect a generally high standard of management and public administration.

The measures I have announced today are expected to further improve the risk management framework and overall accountability in the public sector for procurement and contract management. This Government does not rest on its laurels and will continue to implement improvements that deliver the best possible outcomes for all Western Australians.

I now table the "Health Check of Procurement & Contracting Activities Across the Western Australian Government".

[See paper No 128.]