



# Julian Hill MP

## FEDERAL MEMBER FOR BRUCE



Mr Grant Hehir  
Auditor-General  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Mr Hehir

I write in relation to Report No. 27 of 2019-20 by the Australian National Audit Office (ANAO), *Australian Government Procurement Contract Reporting Update*.

Further to my recent high level discussion with Mr Brian Boyd, ANAO's Executive Director, National Security, Industry and Infrastructure, the information report raises a number of detailed questions.

As the Joint Committee of Public Accounts and Audit is not currently scheduled to meet given the coronavirus crisis, and as rescheduling cancelled public hearings will likely take priority when this does occur, I am unable to place these questions on notice to you as I ordinarily would.

I would therefore appreciate your consideration of the attached questions (as underlined) and response when possible.

Please don't hesitate to get in touch with me if you wish to discuss this matter further.

Yours sincerely

**Julian Hill MP**  
Deputy Chair  
Joint Committee of Public Accounts and Audit

Date: 6/7/20

cc: Lucy Wicks MP, Chair, Joint Committee of Public Accounts and Audit

## Australian Government Procurement Contract Reporting Update - Report No. 27 of 2019-20

### Questions arising

1. **No centralised reporting** on procurement activity by 34% of entities (including some engaged in significant procurement activities) as they're not covered by the CPRs.
  - Why? Is there any previous policy or administrative rationale known to the ANAO why these entities are excluded? Entities listed Table 2.1 (pp12-14)
    - 1.5 (pp9-10) - 'Primary purpose of the contract notice section of AusTender is to provide information to the market at the conclusion of a procurement process to demonstrate that the contract that has been awarded is consistent with the representations that were made during the approach to the market'.
  - 2.9 (p15) – No contracts reported by National Portrait Gallery or Australian Institute of Marine Science in the 10-year period analysed. NPG only prescribed entity for short period (effect from 01.01.18) but AIMS for full 10 years. Why? Who is responsible for this failure?
  
2. **Volatility in the value of amendments year to year**
  - Table 2.4 (p17) – which contracts needed to be amended 3 or more times? (1% of amended contracts were amended 10+ times.) Can a list of the contracts amended three or more times be provided.
  - 2.16 (p18) – From 2013-14 to 2018-19, less than 2% of amended contracts had their value amended from below the relevant limited tender threshold to above the threshold. Significantly more common for non-construction services procurements undertaken by NCCEs (non-corporate Commonwealth entities) than CCEs. What are the most significant examples? Can a list be provided?
  - AusTender does not capture the specific reasons for amending a contract (just increase in contract value, increase in scope or amended timeframe, and 'exercise of options' in the contracts. Nor is it possible to identify the reasons for increases to contract values. How could this be remedied?
  - 2.17 and Table 2.5 - (p18-19) – 19.9% of amended contracts saw value increased by 200% or more. Table 2.5 (numbers of amended contracts with over 200% increase in value by procurement category) shows the overwhelming majority of these contracts were in the Management and Business Professionals and Administrative Services procurement category. What are the most significant examples? Can a list be provided?
    - Note b to the table says that the Top 5 by volume included: "Temporary Personnel Services"; "Management Advisory Services" and "Personnel Recruitment". I'd like to understand a bit more about this data and especially these three categories.

- Over what time period was Table 2.5 assembled - 10 years?
- Is it possible to extract more detailed data regarding amendments to contracts in the three categories above? E.g. Can a list be provided of contracts with variations of more than 200% by supplier and by year in those categories and which agencies they were for?

3. **Procurement panels, significant growth in numbers and their value**

- 4.1 (p34) - Where a panel arrangement was established by open tender, purchases made from it are also reported as being made by open tender, even when not all suppliers represented on the panel are invited to respond to the procurement opportunity. Does this practice accord with the Commonwealth Procurement Rules? What are the implications for Value for Money?
- Table 4.1 (p36) – Proportion of suppliers awarded at or over 80% of panel’s total value for top 10 panels by value
  - What is the scope of the:
    - Recruitment and Related Services Panel,
    - Consultancy and Business services under a Standing Offer Panel, and
    - Outsource Labour for Service Delivery Panel?
  - Which companies are included in each of those Panels?
  - Which companies are included in the figure in column 4, ie the number of suppliers making up at or over 80% of panel’s total value, for each of these three panels?
  - Which companies are included in the figure in column 5, ie the percentage of suppliers awarded at or over 80% of panel’s total value, for each of these three panels?
- Figures 4.3 and 4.4 (p37) – Is it possible to receive a spreadsheet extract listing the individual contracts, their value and the classification category/code for 2017/18 and 2018/19?
- 4.9 and Table 4.2 (p38) – Common for contracted start date to be a significant period of time after the panel end date - **161 parent contracts with a start date one year or more after panel’s end date, including one with a start date of May 2018 registered to a panel that ended in October 2011 – 2400 days** – Can a list be provided of the 161 parent contracts that were commenced more than 365 days after the Panel’s end date?

4. **Procurement themes:** mostly services rather than goods; small number of suppliers dominate most categories; significant growth in consultancies

- Table 5.2 (pp40-41) – Could more detail be provided regarding the Management and Business Professionals and Administrative Services category?

### Labour hire firms:

- How are labour hire / temporary personnel firms and services categorised on AusTender? Only through the Management and Business Professionals and Administrative Services category.?
- Could a list be provided of the top 20 or so suppliers by contract value for labour hire / temporary personnel services ideally by financial year since 2009-10, including total contract value, number of contracts and procuring entity? (It is very difficult to understand this from AusTender.)

### Consultancies / Big 8 consultant firms:

- 5.10 and Figure 5.3 (p43-44) – **Consultancy contracts reported in 2018-19 totalled \$647 million – about the same as in 2009-10 (lowest in 2013-14 - \$366 million)**
- 5.11 and Figure 5.4 (p44) – Need for specialised or professional skills consistently the reason reported for the majority of total contract value of consultancies over last 10 years – including increase of around \$200 million between 2013-14 and 2018-19
- Figure 5.5
  - What is the dollar value of total reported contracts value by financial year since 2009-10 for each of the eight companies? (The chart gives a nice visual which shows relativities and rough quantum but can you provide the actual \$\$ data.)
  - What is the proportion and dollar value of the overall contracts value by financial year since 2009-10 for each of the eight companies that relates to consultancy contracts (ie flagged)?

*I.e. I am trying to understand what proportion for each of their total work are flagged as consultancies, vs. non-consultancy work.*
  - What is the proportion and dollar value of the overall contracts value by financial year since 2009-10 for each of the eight companies that relate to the Management and Business Professionals and Administrative Services service category, regardless of whether they have been flagged as consultancies?