



Speech by

Mr BRUCE LAMING

MEMBER FOR MOOLOOLAH

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DRAFT STATEWIDE PURCHASING POLICY

Mr LAMING (Mooloolah—LP) (11.30 a.m.): Today, I would like to speak on the draft Statewide Purchasing Policy. It is indeed timely that I should do so, because this week marks 12 months since the Minister announced that the policy would be reviewed. On 18 November last year, the Minister announced the review and, in doing so, advised the House that he was not beginning any long or expensive review of the policy. Twelve months is more than long enough to produce just a draft policy. At that time, the Minister also mentioned that the intention was to concentrate on jobs and the role of local firms and the determination to ensure that the policy helped rather than hindered business.

It should be noted that the State Purchasing Policy is a document of significant importance to the State, giving guidance to over 14,000 procurement officers in the expenditure of approximately \$5 billion. The way in which this money is spent has a huge impact on the local economy. Two months ago, when the draft policy was released, it claimed as its objective to advance Government priorities, to achieve value for money and to ensure probity and accountability. The Government's priorities were summarised as certain social economic and environmental objectives related to business, industry and regional development.

Most observers would agree that the Government is entitled to pursue its policy priorities through its State Purchasing Policy. They would then delve into the document in an endeavour to discover what criteria were proposed to be put in place for the guidance of businesses wishing to enhance their trade with the Government and for the guidance of purchasing officers who had the responsibility of Government procurement practices that were intended to deliver the Government's stated objectives.

They would be disappointed in what they found. Under the heading "Government Assigned Outcomes", they would find a list of motherhood statements. They are quite reasonable points, but motherhood statements nonetheless. Under the heading "Opportunities to Advance Government Priorities", we discover terms like "consider devolving", "this approach is likely", "there is potential to advance", and "there are opportunities to". At best one can only describe the document as vague. There is little argument from interest groups about the sentiments expressed in the document. However, the whole thing is extremely vague.

Paul Russell of the Australian Industry Group is quoted in a recent edition of *Business Queensland* as saying—

"It requires business to have blind faith that Government agencies will do the right thing by industry."

I agree. I concede that the introduction to the document states—

"It does not set out mandatory procedures by which the obligations under the Statewide Purchasing Policy are to be carried out."

But it should.

The second objective, to achieve value for money, is qualified by the claim that this is not restricted to price. Although one cannot argue with the virtues of fitness for purpose, service and support and whole-of-life assessment, value for money seems to be interpreted from a Government outcome perspective. Although we are talking about Government purchasing, it is purchasing on behalf of Queenslanders and using their taxes. Surely, value for money should be seen more from the

perspective of whole-of-community benefit. I could not identify that in the draft policy, but it should be there and stated clearly.

The third objective is probity and accountability for outcomes. I would like to come back to particularly the latter a little later. Firstly, I would like to cover some more of the general issues. According to the draft document, at the top of the list of the Government's priorities is jobs—more jobs for Queenslanders. It is very difficult to discern in the draft document any real incentive to create new jobs for Queenslanders. These jobs can be created only by an increase in economic activity or by the replacement of imports by Queensland-produced goods and services. The document fails not just by its vagueness but by the statement that it does not set out mandatory procedures by which the obligations—read "objectives"—under the policy are to be carried out. Why?

Mr Schwarten: Why didn't you forward a submission to us?

Mr LAMING: If the document was a bit more detailed, I might have. Why are purchasing officers not shown clearly their obligation to enhance the economy, to reduce imports and to create jobs? Why are our local businesses not clearly encouraged to bid for Government work knowing that a fair and transparent policy with guidelines is in place for them to do business?

Second on the list of Government priorities is building Queensland's regions. I am at least pleased to see the retention of the coalition's buying locally initiative. However, elsewhere in the document the guidance to purchasing officers is extremely vague. There are comments such as "Government priorities may be addressed by devolving purchasing to the lowest practicable geographical level". One sentence reads—

"In the evaluation of competing offers, inclusion and weighting of evaluation criteria related achievement of the Government priorities to be advanced through the purchase."

What on earth does that mean to a purchasing officer or a prospective supplier of goods and services to the Government?

Mr Schwarten interjected.

Mr LAMING: Is there to be a scale of weightings on each of the Government's objectives?

Mr Schwarten interjected.

Mr LAMING: How will they apply? How will they impact on each other?

Mr DEPUTY SPEAKER (Mr D'Arcy): Order! It is quite obvious that the member for Mooloolah is not taking interjections, so I would like them to cease.

Mr LAMING: Thank you, Mr Deputy Speaker. Which ones will be the most important? Will the weightings be common throughout each industry, each region and each agency? Who will make the value judgments? Who will arbitrate the disputes? Unless there are clear guidelines, there will be too much opportunity for interpretation.

That leads to another concern that has been expressed to me, and it relates to the local purchasing instructions. Firstly, I suggest that the name is misleading and could be confused as meaning regional instructions. In fact, regional instructions might have some attraction. However, agency-specific local instructions are a concern to me and to many with whom I have discussed the draft policy. Without going into too much detail today, local instructions provide too easy an opportunity for departments to set up their own protocols of operation for their own benefit but at the probable disadvantage of business, particularly small and regional business, trying to deal with a number of different departments. Unless there are particular reasons for their retention, local instructions should be discouraged.

I note that, under the policy, valuing the environment will be a Government objective to be taken into account. Before local suppliers incur costs to ensure that their operations are environmentally effective, they will need to be assured that imported alternatives face the same standards. If so, how will the imports be judged? By whom? Where? At what stage in the purchase process?

A number of general issues have not been addressed at all in the draft. Will there be a central agency to be responsible for the Capital Works Program? What is the future of quality assurance? Will departmental corporate plans be signed off at the beginning of each year? By whom? Will the outcomes of departments' purchasing be measured against objectives? What rewards or disincentives will be in place for departments that achieve or do not achieve their stated objectives? Will the current dollar thresholds be continued?

Particular concerns have been expressed in relation to the State Purchasing Council. Will it survive at all? It is not mentioned in the draft. There is an obvious and important role for such a body even if its role is somewhat restructured from the current model. A policy monitoring function outside the department is essential. Because the draft is silent on such a body, its role, its size and its independence, how can industry bodies respond to the draft?

Who is going to accept the dispute handling role? How will that be expedited? Who is going to be the watchdog so that purchasing officers do not merely pay lip-service to the policy objectives? How will regional representation be provided?

There are so many issues not addressed in the draft that the document's usefulness is compromised. As Carla Gerbo of the QCCI stated in Business Queensland—

"It is easy for the Government to say this is our policy, but there are 13,000 purchasing officers out there."

This draft is so vague on so many important issues that I believe that it should be rewritten with more certainty for all of those who will eventually rely on it and then be redistributed for further detailed input. That would give the Government the opportunity to address the many issues that I outlined earlier, which should have been done in the first draft. More importantly, it would allow business, particularly in the regions, to respond to a document of substance.

Many other issues have not been mentioned or only passing reference has been made to them. Why not involve business more in the training of procurement officers? Why not spell out some of the details of reverse marketing, supplier conditioning and partnering? How about some mention of the often asked question of the applicability of the policy to statutory authorities, Government owned enterprises and local government? These are the things that suppliers of goods and services to the Government want to hear about and have input into. I call on the Minister to release a more definitive draft and hold a final round of consultation with those whom the policy is meant to benefit.
