

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

Public Authorities

The following public authorities are required to report detailed procurement activity.

AGD	Attorney-General's Department
CAA	Courts Administration Authority
DCP	Department for Child Protection
DCSI	Department for Communities and Social Inclusion
DCS	Department for Correctional Services
DECD	Department for Education and Child Development
DEWNR	Department of Environment, Water and Natural Resources
DPTI	Department of Planning, Transport and Infrastructure
PIRSA	Department of Primary Industries and Regions SA
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
DSD	Department of State Development
SA Health	SA Health
SAPOL	South Australia Police
SAFECOM	South Australian Fire and Emergency Services Commission
SATC	South Australian Tourism Commission
TAFE SA	TAFE SA

The information obtained from public authorities through the annual reporting process is used by the Board to improve its policies, to feed into its review and assurance programs, and to promote dialogue with public authorities on matters of importance.

Certificate of Compliance

As part of the Board's annual reporting regime, public authority principal officers with a procurement authority are required to complete a Certificate of Compliance. The certificate indicates the extent to which the Board's policies and guidelines have been adhered to by the public authority during the course of the reporting period.

Annual Procurement Reporting Policy

The following summary is based on information reported by public authorities as required by the Board's Annual Procurement Reporting Policy.

The scope of the procurement information reported is limited by the *State Procurement Act 2004* and excludes construction procurement valued over \$165,000 (GST inclusive) and procurement by prescribed public authorities. Information is reported on procurement spend and contracting activity.

Procurement Spend

In 2016-17, total spend reported by public authorities on goods and services was approximately \$4.86 billion.

Table 1 displays total spend for the past five years from 2012-13 through to 2016-17. There has

been an increase of approximately 9% in total spend from 2015-16 to 2016-17.

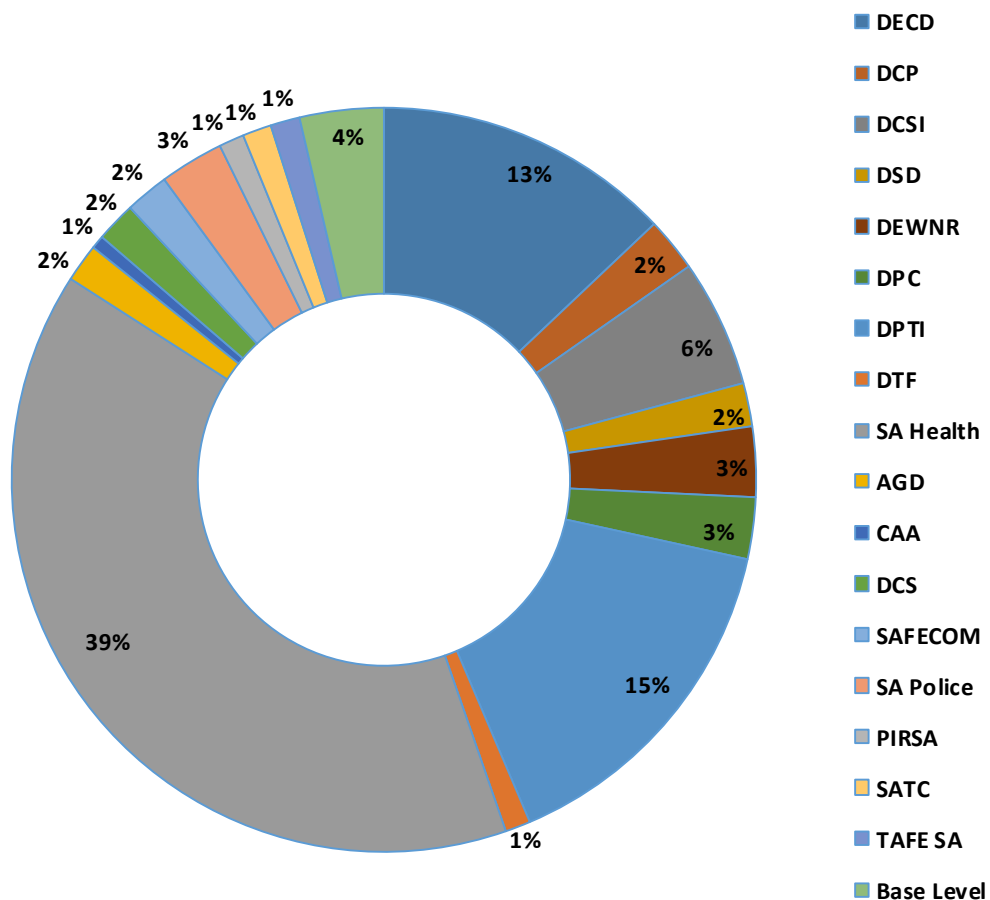
Table 1 – Procurement Spend Summary

Purchase Type	2016-17 (\$b)	2015-16 (\$b)	2014-15 (\$b)	2013-14 (\$b)	2012-13 (\$b)
Goods	\$1.402	\$1.331	\$1.242	\$1.191	\$1.108
Services	\$3.453	\$3.121	\$3.041	\$2.933	\$2.865
Total	\$4.855	\$4.452	\$4.283	\$4.123	\$3.973

The breakdown of total spend between goods and services has remained relatively stable over the past few years with around 30% spent on goods and 70% spent on services. Fluctuations are due to the cyclical nature of procurement spending and/or the influence of significant procurements in any given year.

Figure 1 shows each public authority's spend as a percentage of overall total spend. Consistent with previous years, in 2016-17 SA Health incurred the highest spend (39%), followed by the Department of Planning, Transport and Infrastructure (DPTI) with 15% and the Department of Education and Child Development (DECD) at 13%.

Figure 1: Procurement Spend by Public Authority, 2016-17



Contracting Activity

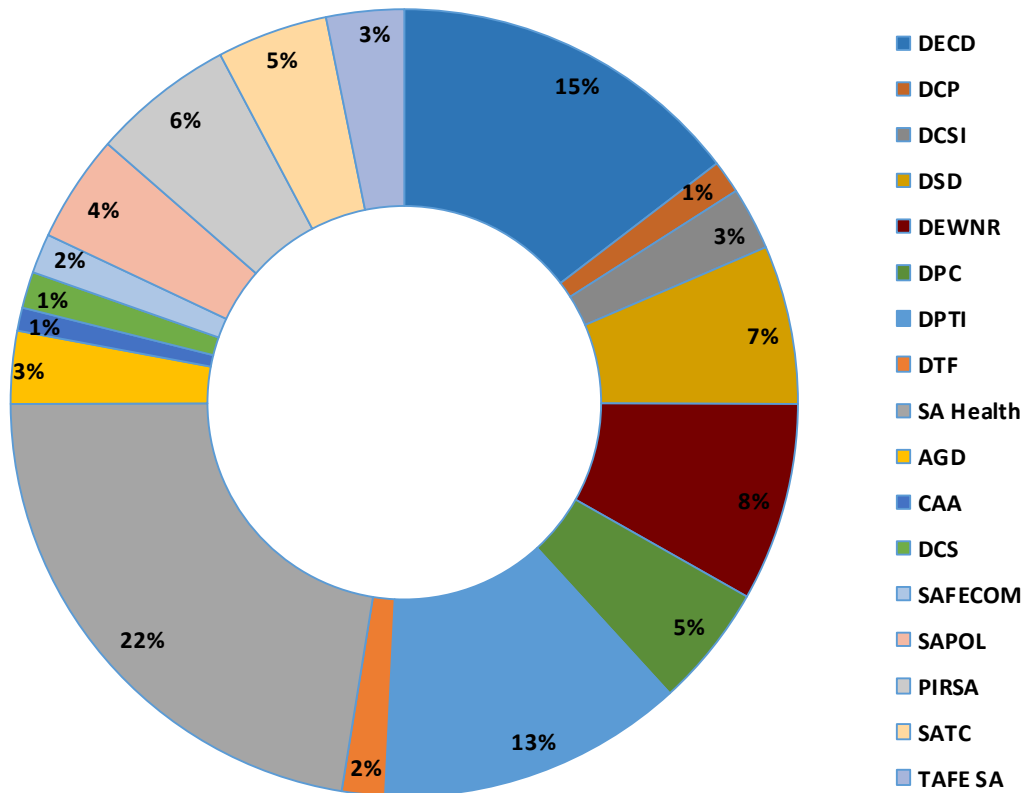
Each year, public authorities disclose to the Board information on contracts that were executed during the reporting period.

Unless otherwise indicated, the information in the following figures is based on reported contracts that were valued over \$33,000 (GST inclusive) and were executed, or signed off, in 2016-17.

Number of Contracts

Figure 2 shows the number of contracts executed in 2016-17 that were valued over \$33,000 (GST inclusive) by public authority. As indicated, SA Health entered into the largest number of contracts in 2016-17 (22%), followed by DECD (15%) and DPTI (13%).

Figure 2 – Number of Contracts by Public Authority 2016-17

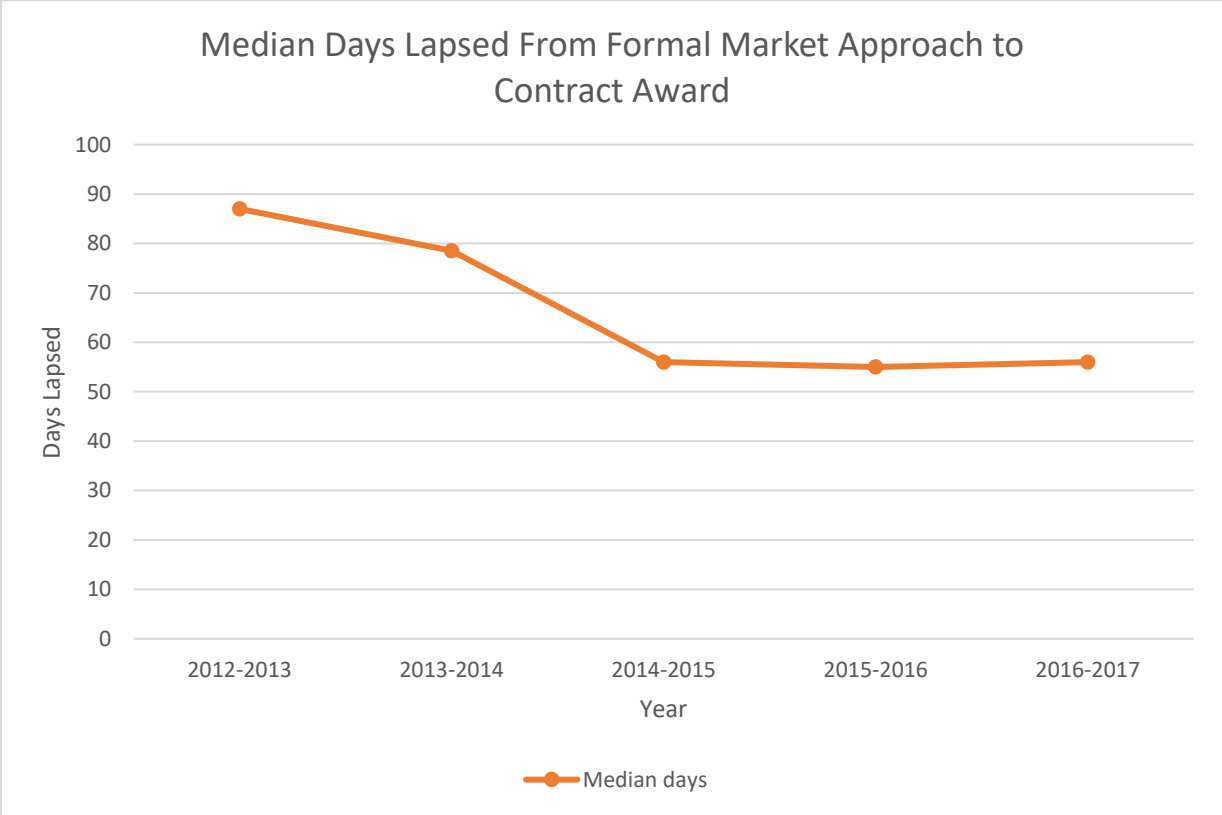


Timeline Data

Public authorities are required to report specific milestone dates for contracts valued over \$220,000 (GST inclusive). The Board monitors reported timelines to quantify the typical duration of procurement processes undertaken across government.

In 2016-17, the typical time taken¹ to progress a procurement project from the formal approach to market (tender advertised or negotiations commenced) to the contract award date was 56 days. Trend analysis in Figure 3 indicates the typical time taken to undertake procurement processes has significantly decreased over the past five years (and remains steady).

Figure 3 - Days Lapsed (median) from Formal Market Approach to Contract Award



The Board will continue to monitor and report on timeline indicators.

Types of Market Approaches

Figures 4 and 5 show the number and value of contracts by the type of market approach applied. In 2016-17, contracts that were undertaken by competitive processes accounted for 39% of the number of reported contracts entered into and 89% of the total value of reported contracts in that period.

The data indicates that public authorities are applying simpler and more direct market approaches for lower value contracts, and more complex competitive processes for higher value contracts. For example, 94% of reported contracts that used a direct negotiation market approach were valued from \$33,000 to \$550,000 in 2016-17. 9 of the top 10 contracts by value in 2016-17 were

¹ The measure of the typical time taken to establish a contract was determined using the median contract in the dataset (i.e the middle value when all contracts were arranged in order.) The mean (average) is an unfavourable indicator of the typical time taken to undertake a procurement process, as the contract data is skewed by very short and/or lengthy processes (“outliers”).

undertaken via an open market competitive process.

Figure 4 – Number of Contracts by Market Approach 2016-17

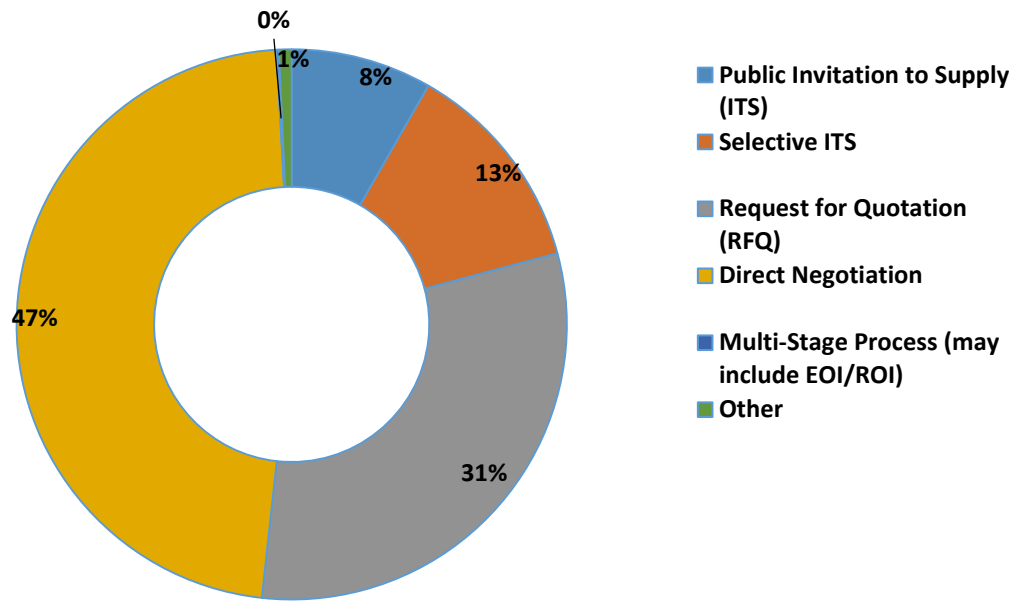
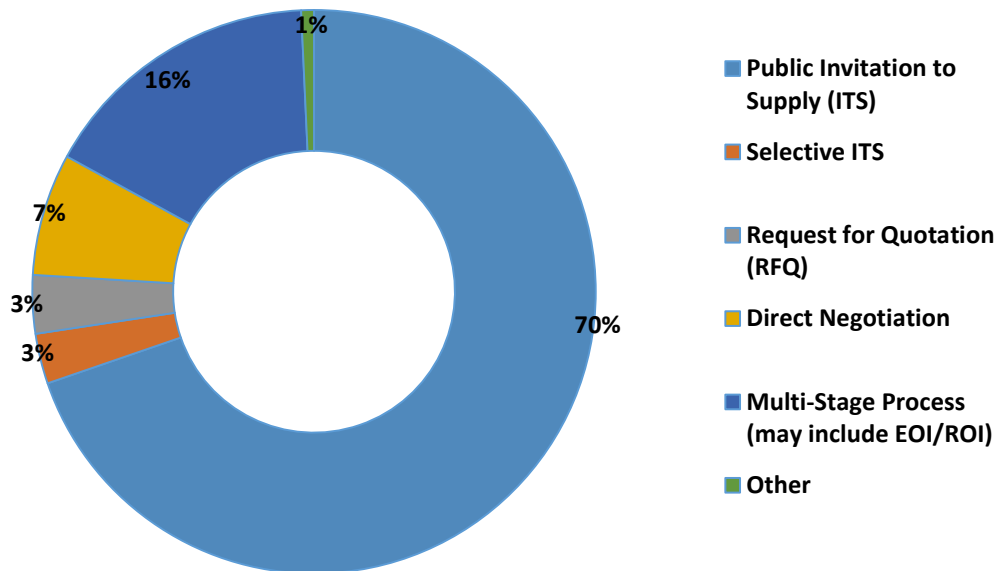


Figure 5 – Value of Contracts by Market Approach 2016-17



Source of Supply

Public authorities report on supplier location for reported contracts executed during 2016-17. The key factors used to determine the location of the supplier are: the location of the office of the supplier who actually undertook the work to service the contract, and where most of the employment activity for the contract was undertaken.

Figure 6 shows the proportion of reported contracts by supplier location. 98% of all contracts were awarded to Australian and New Zealand suppliers (including South Australian suppliers). According to information provided by public authorities, 73% of the contracts executed in 2016-17 were serviced by South Australian suppliers (metropolitan and regional).

Figure 7 shows the proportion of the total contract value by supplier location for contracts executed in 2016/17. Consistent with previous years, 99% of the total value of contracts (98% in 2015-16) was with Australian and New Zealand suppliers (including South Australian suppliers). According to information reported by public authorities, 66% of the total value of contracts was with suppliers located in South Australia (metropolitan and regional) in 2016-17 (64% in 2015-16).

Figure 6 – Proportion of Contracts by Supplier Location 2016-17

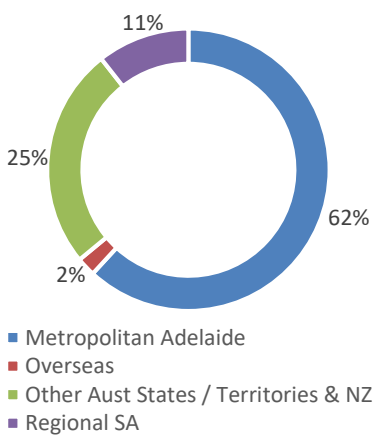
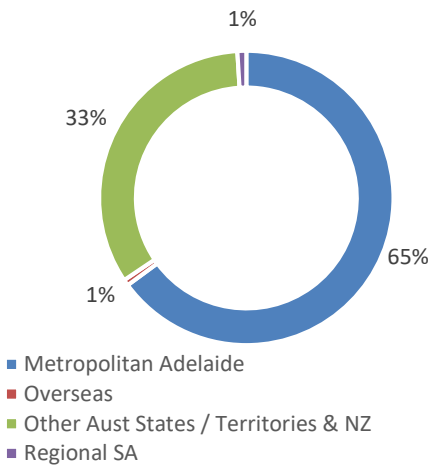


Figure 7 – Proportion of Value of Contract by Supplier Location 2015-16



Figures 8 and 9 below show the number and total value of contracts entered into by public authorities since 1 July 2000, by supplier location. When considering the data, it is important to be aware of the cyclical nature of contract activity which can have a significant impact on the data in any single year.

Based on contracts reported from 2000-01 to 2016-17:

- approximately 75% of the number of contracts and 65% of the value of contracts were awarded to South Australian suppliers; and
- over 98% of the number of contracts and 98% of the value of contracts were awarded to Australian and New Zealand suppliers (including South Australian suppliers).

Figure 8 – Number of Contracts by Supplier Location, 2000-01 to 2015-16

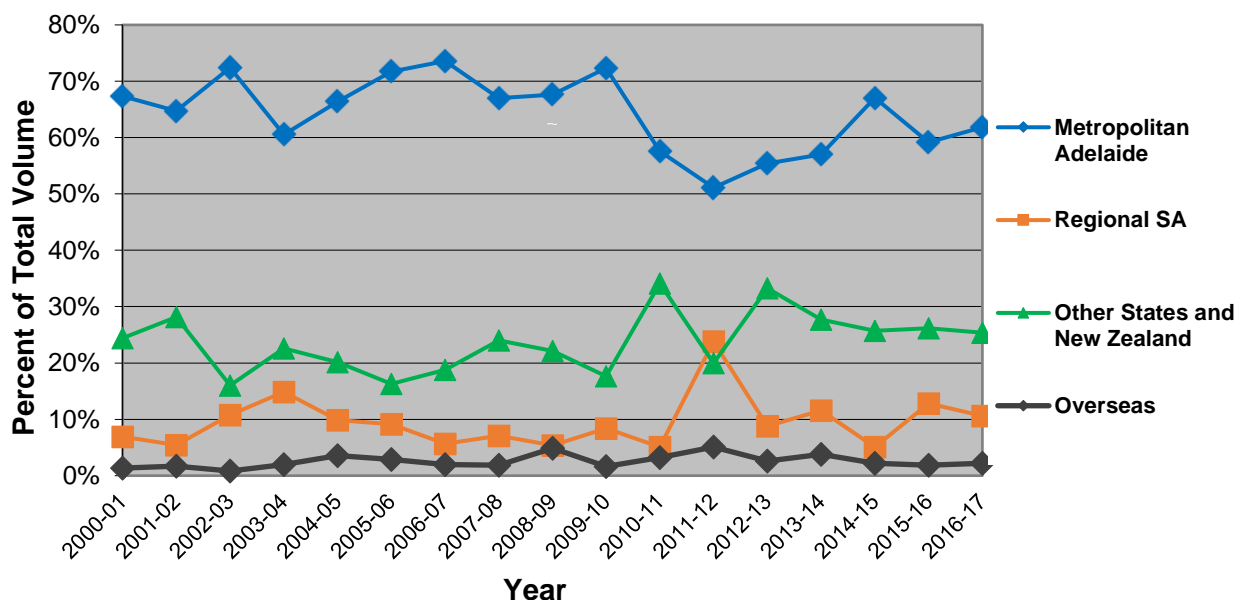
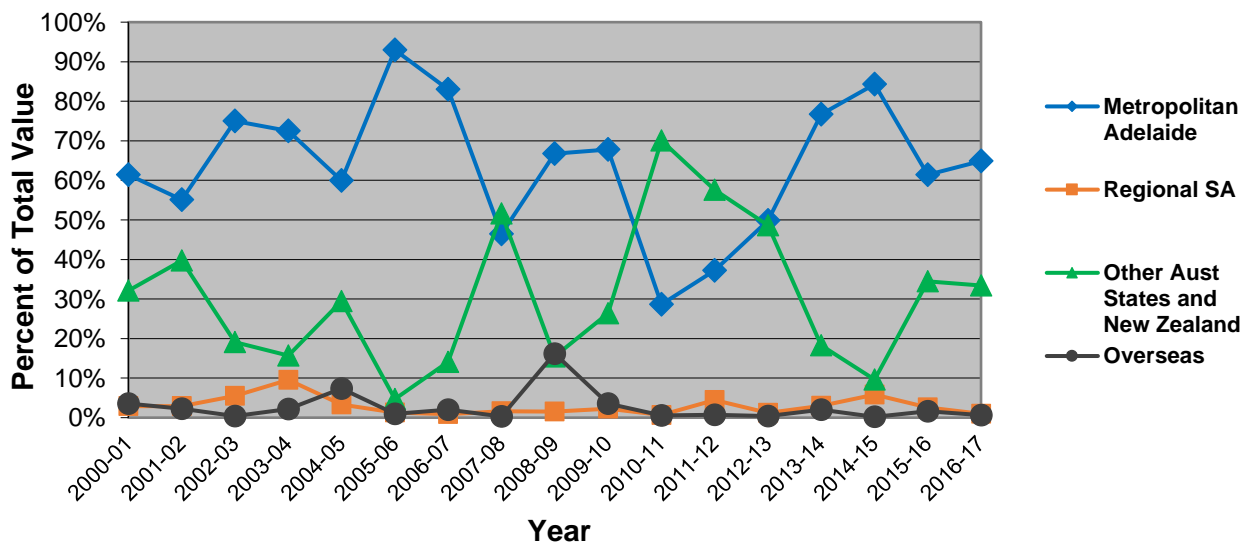


Figure 9 - Contract Value by Supplier Location, 2000-01 to 2015-16



The above figures show that despite fluctuations from year to year due to the cyclical nature of contract establishment and renewals, South Australian supplier participation in the value and volume of SA government contracts has remained relatively consistent, on average, over the past seventeen years.

UNSPSC (United Nations Standard Products and Services Codes)

The UNSPSC is an open, internationally accepted standard for the efficient and accurate classification of the procurement of goods and services. The code set enables expenditure analysis at grouping levels relevant to the organisation’s needs.

Figure 10 shows the top UNSPSC categories by total value of contracts as reported by public authorities for 2016-17. The largest category by volume in 2016-17 was ‘Medical Equipment and Accessories and Supplies’.

Figure 10 – UNSPSC by Total Value of Contract, 2016-17

