

Procurement Reform: Supporting Local Business

Government has listened to the needs of the local business community by implementing a major procurement reform strategy aimed at supporting local business by modelling best procurement practice and being a better customer.

The reform strategy:

- will reduce red tape and adopting a less complex, more agile procurement framework
- has increased the simple procurement threshold to \$550,000 and simplifying the market approach process
- has increased the standardization of procurement practices and documents across government
- uses simple, plain English invitation and contract documents that are easy for both public authorities and suppliers to use and understand
- ensures public authorities consult with the Office of the Industry Advocate to facilitate the Government's *Industry Participation Policy* requirements.

For suppliers bidding for government work, these reforms mean:

- the Government being held to account
- faster procurement decision making and reduced costs
- greater opportunities to win work
- improved buyer behaviour and a better understanding of the needs of suppliers
- a reinforced commitment to working with local suppliers
- using smarter procurement to achieve greater efficiencies.

The reform strategy will make government a better customer by adopting the Premier's *Better Customer Charter for Business* throughout the procurement process.

The charter reaffirms the Government's commitment to supporting suppliers that do business with government and outlines what current and potential suppliers can expect when they bid for goods and services procurement opportunities.

There has also been significant changes to the liability requirements of government contracts which presents a significant barrier for suppliers.

The new requirements mean that the contract:

- does not require the supplier to provide indemnities
- allows the selection of a default liability cap between one and five times the value of the contract
- does not require that the State to be named on insurance policies, or be provided with a copy of the insurance certificate.

For low to medium risk procurements, the new *Standard Goods and Services Contract* also reflects the level of public liability insurance to be set at the minimum level that can be purchased, which is \$1,000,000.

The procurement process has been significantly simplified for procurements up to and including \$550,000, with public authorities now able to seek:

- a minimum of one quote up to \$33,000
- a minimum of three written quotes to be sought from \$33,000 to \$220,000
- a minimum of five written quotes to be sought from \$220,000 to \$550,000.

There is also a reduction in the value at which forward procurement plans for procurements are published to \$220,000 (down from \$550,000).

Government is building commercial capability and acumen by providing training to public authorities in order to better understand the needs of suppliers and the business environment in which they operate.

Some public authority procurement governance committees now include at least one external commercial advisory representative with relevant experience.

Finally, agencies will be accountable for more productive and efficient procurement through agreed benchmarks, to be monitored through regular reporting from agencies.

These changes significantly reduce the impact on suppliers doing business with government, enable government agencies to better achieve the government's strategic objectives and deliver more responsive services to the community and their customers.