

A. Entity responses

We gave a copy of this report with a request for comments to:

- Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement
- Director-General, Department of Energy and Public Works
- Treasurer and Minister for Investment
- Under Treasurer, Queensland Treasury.

We also provided a copy of the report, with the option of providing a response, to the Premier and Minister for the Olympics; Director-General, Department of the Premier and Cabinet; and the accountable officers of the other 17 core departments.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement



Minister for Energy, Renewables and Hydrogen
Minister for Public Works and Procurement

Our Ref: MN03699-2022

17 MAY 2022

Mr Brendan Worrall
Auditor-General
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Dear Mr Worrall *Brendan*

Thank you for your email of 21 April 2022 regarding the Queensland Audit Office (QAO) proposed report on Enhancing government procurement.

I note the three themes (strong collaboration, right data and analysis, effective monitoring and reporting) outlined in the QAO report have strong alignment with the *Buy Queensland* approach, comprising the Queensland Government Procurement Strategy and Queensland Procurement Policy, which was launched in 2017. *Buy Queensland* directs what is now a procurement investment by the Queensland Government of around \$18.5 billion per annum.

Since its launch, *Buy Queensland* has supported over 62,440 Queensland businesses through approximately \$42.24 billion in procurement investment. This includes approximately \$7.93 billion in goods and services supplied to the Queensland Government by over 26,850 Queensland regional businesses.

I am assured by the Director-General, Department of Energy and Public Works (DEPW) that the areas for improvement outlined in the report are being addressed within the framework of the *Buy Queensland* approach, and through the Procurement Data and Analytics Strategy 2021-24.

I acknowledge the significant progress made since the introduction of *Buy Queensland*, while actively pursuing opportunities to further mature the function. Since 2017, Queensland Government Procurement, within DEPW, along with lead procurement category agencies, have significantly improved data access, quality and analysis capability.

These enhancements have enabled government to measure and monitor key policy commitments of the *Buy Queensland* approach at a whole-of-government level, including, for example, the Small and Medium Enterprise Procurement Target. As a result of strong collaboration, analysis, monitoring and reporting, in the Target's first year of operation (2020-21), the Queensland Government's investment in Queensland small and medium enterprises rose to 28.36 per cent – exceeding the initial target of 25 per cent. The government has confirmed its intention to achieve 30 per cent from the 2022-23 financial year. Doing so will require focussed and sustained activity, built on the collaborative, evidence-based, and accountable approach outlined by your report, and which is intrinsic to the *Buy Queensland* approach.

Having established these strong foundations, it is the Queensland Government's intention to consolidate, promote and harness *Buy Queensland* achievements, to produce a more robust version of *Buy Queensland*, reflecting current government priorities and strengthening compliance with procurement policy. This means that procurement analysis must also continue to mature, supported by our investment in a future state procurement environment. As a result, improved systems and data will drive consistency, maturity and open market access, making it easier for Queensland suppliers and buyers to partner and deliver outcomes for local communities.

I hope this information answers your enquiry. If you need more information or help with this matter,

Yours sincerely



Mick de Brenni MP
Minister for Energy, Renewables and Hydrogen
Minister for Public Works and Procurement



Comments received from Director-General, Department of Energy and Public Works

Our Ref: MN04752-2022

27 MAY 2022

Mr Brendan Worrall
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Department of
Energy and Public Works

Dear Mr Worrall

Thank you for your recent email regarding the Queensland Audit Office's (QAO) revision to the report, Enhancing government procurement.

I note the revision to Recommendation 3 and the collaborative approach undertaken for its development. The new recommendation is supported by the Department of Energy and Public Works (DEPW) and actions to improve data sharing between Queensland Treasury and Queensland Government Procurement are outlined in the attached response.

DEPW, through Queensland Government Procurement (QGP), remains committed to ensuring the state maximises value from its annual procurement investment of over \$18 billion. QGP welcomes the report and the opportunity to continue to work with Queensland Treasury, lead agency procurement categories and agencies on enhancing procurement by using data to drive responsive procurement policy, strategy and the improvement of procurement products and services. The three themes; strong collaboration, right data and analysis, effective monitoring and reporting outlined in the QAO report are supported through the Queensland Procurement Policy and the Procurement Data and Analytics Strategy 2021-24.

QGP's procurement analytics are an important enabler of measurement and insights into the outcomes and impacts of Queensland Government's procurement. DEPW has delivered significant improvements since the 2017 audit in the way procurement data is collected, categorised and shared which has enabled enhanced access to and use of procurement data across the sector. This is further reinforced through the Procurement Data and Analytics Strategy 2021-24 and the activities to mature both the data sources and the analytics outputs.

I note that through the Procurement Data and Analytics Strategy 2021-24, QGP is already working to implement recommendations (Recommendations 2 and 5), with the Queensland Procurement Policy providing direction for Recommendations 1 and 4 to be implemented.

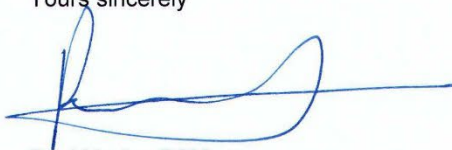
A key focus area of the Strategy is Data Sharing and Governance. This focus area seeks to improve the confidence and trust in procurement data by embedding governance practices, promoting sharing, and unlocking data sets. A new initiative within the Strategy will be to formalise a data sharing agreement between Queensland Government Procurement and Queensland Treasury to enable access to information and data to support strategic procurement decision making.

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The QGP governance structure will continue to provide oversight of the recommendations through the Queensland Government Procurement Committee, Category Councils and Procurement Data and Analytics Governance Sub-committee. Recognising the procurement operating model, centrally enabled agency delivered, collaboration will occur with agencies responsible for each procurement category and departments in the development of implementation activities.

If you need any more information or help with this matter, [REDACTED]

Yours sincerely



Paul Martyn PSM
Director-General

Encl.



Responses to recommendations



Department of Energy and Public Works

Enhancing government procurement

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
We recommend Queensland Treasury and Queensland Government Procurement work together to:			
1. <ul style="list-style-type: none"> develop performance measures and targets that monitor whether departments are collaborating on procurement. These should be designed to drive department collaboration to achieve increased efficiency, effectiveness, and economy in procurement activity at a whole-of-government level report on performance against the targets, at a whole-of-government and department level require departments to report to Queensland Government Procurement on these measures. Where possible, reporting should be automated to minimise the workload on departments. 	Agree	Staged implementation, to be determined by the Queensland Government Procurement Committee (QGPC) by Q2 FY23, in consultation with Queensland Treasury and Categories <ul style="list-style-type: none"> General Goods and Services (GGS) – EPW Building Construction and Maintenance (BCM) – EPW Transport Infrastructure and Services (TIS) – TMR Medical (MED) – Health Information and Communication Technology (ICT) – CHDE Social Services (SOC) - CHDE 	Queensland Government Procurement (QGP) and Queensland Treasury support this recommendation to be implemented through agencies and procurement categories. Clause 5.1 of the Queensland Procurement Policy (QPP) confers responsibility on agencies for the identification of opportunities to work together to deliver savings, efficiencies and benefits. It is acknowledged that where collaboration across agencies and through categories already occurs this will continue. The Procurement Data and Analytics Governance Subcommittee (PDAG) of QGPC will work with categories to use the Queensland Procurement Policy Analytics Framework (QPPAF) to identify data collection inputs from agencies and define measures that will be reported through to QGP. It is also noted that access to additional budget and demand data from agencies and Queensland Treasury would support the identification of common procurement needs and where there are opportunities for collaboration. A key initiative outlined in the Procurement Data and Analytics Strategy 2021-24 is the development of an internal to government forward procurement pipeline



	Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
				where this data would facilitate visibility and insights about opportunities.
2.	<p>Engage with departments to understand the costs and benefits (at a whole of government level) of moving to a universal and consistent system for classifying expenditure (such as the United Nations Standard Products and Services codes).</p> <p>The introduction of new financial systems offers an opportunity to implement it, but it can also be used with existing financial systems.</p>	Agree	Q4 2024	<p>QGP will work with Queensland Treasury on the development of costs and benefits associated with the implementation of a universal and standardised procurement categorisation system.</p> <p>Preliminary scoping has already commenced as part of the Procurement Data and Analytics Strategy 2021-24.</p>
We recommend Queensland Treasury and Queensland Government Procurement:				
3.	<p>Identify opportunities to collaborate and share departmental expenditure data between the two agencies, to improve procurement outcomes and budget monitoring across government.</p> <p>Formalise the data sharing arrangement between the two agencies.</p> <p>Where additional data (such as on suppliers, prices, and usage) is needed to make informed procurement decisions, Queensland Government Procurement and the category councils should collect it and share it with departments.</p>	Agree	Q4 2024	<p>QGP will continue to work with Queensland Treasury on the identification and application of opportunities share departmental expenditure data.</p> <p>Data sharing and Governance is a key focus area of the Procurement Data and Analytics Strategy. QGP along with Queensland Treasury will establish mechanisms and structures, formalised through a data sharing agreement, to enable access to data.</p> <p>QGP will support lead agency procurement categories with the identification, collection, hosting and sharing of category specific procurement data.</p>
We recommend Queensland Government Procurement work with departments to:				



	Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
4.	<p>Departments should:</p> <ul style="list-style-type: none"> use whole-of-government arrangements report when they are not using these arrangements and the reasons why to Queensland Government Procurement <p>Queensland Government Procurement should:</p> <ul style="list-style-type: none"> monitor and report if departments are using existing whole-of-government arrangements identify where departments have instead engaged with the same suppliers outside of these arrangements engage with these departments to better understand why this has occurred. <p>Queensland Government Procurement should then use this information when negotiating future whole-of-government arrangements to drive better supply and price.</p>	Agree	<p>Staged implementation, to be determined by QGPC by Q2 FY23 in consultation with Categories</p> <ul style="list-style-type: none"> General Goods and Services (GGS) – EPW Building Construction and Maintenance (BCM) – EPW Transport Infrastructure and Services (TIS) – TMR Medical (MED) – Health Information and Communication Technology (ICT) – CHDE Social Services (SOC) - CHDE 	<p>QGP is supportive of this recommendation and its implementation through the procurement categories but acknowledges the challenges with capturing data and reporting.</p> <p>The QPP, through Clause 5.3, requires that agencies use common-use supply arrangements to achieve savings and benefits wherever practical.</p> <p>QGP will work with categories to investigate options for the collection and measurement of spend outside of procurement arrangements, including guidance advice, behavioural change and data collection mechanisms from departments and suppliers.</p> <p>QGP will continue to work with categories on the development of analysis tools to support supplier centric reporting from expenditure data.</p>
	Queensland Government Procurement should:			
5.	<p>the Queensland Government Procurement Committee endorses the most recent data strategy.</p> <p>We also recommend that Queensland Government Procurement develops an implementation plan that outlines how it will achieve all of its objectives within its most recent data strategy. This plan should include appropriate key performance measures that monitor progress against the objectives and milestone dates.</p>	Agree	In progress	<p>The Procurement Data and Analytics Strategy 2021-24 was endorsed by QGPC on 16 December 2020.</p> <p>A detailed implementation plan and roadmap has been developed in consultation with PDAG and will be submitted to QGPC on 8 June 2022 for its endorsement.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
			Regular monitoring of progress with the Procurement Data and Analytics Strategy 2021-24 initiatives will occur through PDAG and with reporting to QGPC on a six-monthly basis.



Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 01642-2022

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Dear Mr Worrall

Thank you for the work completed on the final *Enhancing Government Procurement* report received on 21 April 2022 from Ms Rachel Vagg, Assistant Auditor-General.

It is noted the proposed report outlines five recommendations for enhancing the data available for more effective strategic procurement. Three of these recommendations involve Queensland Treasury (Treasury). Officials from Treasury have worked in consultation with Queensland Government Procurement (QGP) to develop a joint response which will be provided by the Department of Energy and Public Works in their response to you.

Treasury supports the QGP position on these three recommendations and remains committed to facilitating opportunities to collaborate and share data between Treasury and QGP to improve procurement outcomes across government.

If you require any further information, please contact [redacted] who will be pleased to assist.

Yours sincerely

A handwritten signature in black ink, appearing to read "Leon Allen".

Leon Allen
Under Treasurer

14 / 05 / 2022

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Comments received from Director-General, Department of Transport and Main Roads

Our ref: DG42832
Your ref: PRJ02225

10 May 2022

Mr Brendan Worrall
Auditor-General
Queensland Audit Office



Office of the
Director-General
Department of
Transport and Main Roads

Dear Mr Worrall

Thank you for your email of 21 April 2022 advising of the proposed report to Parliament about Enhancing Government Procurement.

The Queensland Audit Office (QAO) identified that the five recommendations raised in the proposed report centred around collaboration, data and analysis, monitoring and reporting require further action by Queensland Government Procurement and Queensland Treasury. These recommendations will likely impact on the Department of Transport and Main Roads (TMR) if implemented.

TMR supports ongoing collaboration with Queensland Government Procurement to deliver efficient and effective procurement outcomes. TMR has established processes in place that support a number of these QAO recommendations, including implementation of United Nations Standard Products and Services Codes in 2016 and implementing a category management approach to departmental procurement. This has resulted in TMR being able to identify and realise savings in support of the Government's Savings and Debt Plan.

TMR's investment in SAP Ariba digitising procurement and automating back-office processes will deliver enhanced reporting capability and visibility of departmental procurement spend, automating and streamlining back-office processes as well as providing systemised controls to strengthen compliance.

TMR appreciates the opportunity to provide comments on this proposed report. If you require further information, I encourage you to contact

Yours sincerely

A handwritten signature in blue ink that reads "Neil Scales".

Neil Scales
Director-General
Department of Transport and Main Roads

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Comments received from Director-General, Department of Regional Development, Manufacturing and Water

Our ref: CTS 06507/22



Department of
**Regional Development,
Manufacturing and Water**

18 MAY 2022

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BRENDAN
Dear Mr Worrall

Thank you for your email dated 21 April 2022 regarding, PRJ02225 proposed report 'Enhancing government procurement' (the report), to be submitted to Parliament. I apologise for the delay in responding.

Following a review of the report, I note the findings and recommendations and thank you for the opportunity to provide comment. The report provides useful information that the Department of Regional Development, Manufacturing and Water (the department) will use, to focus on further strengthening its procurement function and reporting.

If you require any further information, please contact [redacted] who will be pleased to assist.

Yours sincerely

Graham Fraine
Graham Fraine
Director-General

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Comments received from Director-General, Department of Education



Office of the
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Department of
Education

1 JUN 2022

Mr Brendan Worrall
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Dear Mr Worrall

Thank you for your email dated 21 April 2022 regarding the Queensland Audit Office's (QAO) proposed report to parliament titled *Enhancing Government Procurement* (the Report).

I welcome the opportunity to provide feedback on the findings and recommendations of the Report.

A key focus of the report relates to improving the monitoring of the effectiveness of agency efforts to achieve or meet whole-of-Government procurement outcomes, principally in the areas of attaining better value for money and savings.

While savings are an obvious measure of an effective procurement process, a broader definition of value for money will also encompass other Government priorities and commitments, which are not necessarily related to purely fiscal savings or efficiencies. Such targets or indicators might include increasing the number of Indigenous or small-medium enterprises which successfully bid for Government contracts; increased sourcing of goods and materials through local Queensland manufacturing; or the number of new jobs or apprenticeships that are sustained as a consequence of a construction contract awarded.

The approaches and models that are needed to develop and implement effective management and monitoring of such indicators are already under development by Queensland Government Procurement and agency procurement functions. Moreover, agencies and industry stakeholders have engaged through the Queensland Government's Procurement Maturity Project to begin to identify and address reporting gaps prior to the anticipated roll-out of the new Buy Queensland Strategy later this year.

The Report recommends that agencies should use of whole-of-Government procurement arrangements to streamline and improve the process of procuring specific goods and services. An activity which specifically targets this issue has already commenced under the oversight of the Queensland Government Procurement Committee (QGPC) and the category councils. Driving greater adoption of common-use-supply arrangements, improving awareness of and access to these supply arrangements and curbing spend 'off panel' are key aims of the work already underway. The QGPC will continue to actively monitor efforts in this space moving forward.

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The Department of Education is an active participant in the QGPC and a member of three Procurement Category Councils (ICT; General Goods and Services; and Building, Construction and Maintenance) and is committed to ensuring that its significant procurement and purchasing expenditure aligns to and supports the Queensland Procurement Policy and advances the various priorities, targets and commitments outlined in the Buy Queensland Strategy.

Thank you for the opportunity to provide comment on the Report.

Yours sincerely



MICHAEL DE'ATH
Director-General

Ref. 22/323531

