

# Corporate Procurement Plan

## 2011 – 2015

- Objectives:
- ◆ Obtain best value for money
  - ◆ Maintain probity and accountability
  - ◆ Support the curriculum
  - ◆ Provide a safe environment
  - ◆ Promote sustainability
  - ◆ Assist local suppliers



# Contents

<b>1. Authority .....</b>	<b>3</b>
<b>2. Foreword.....</b>	<b>4</b>
<b>3. Review and Future Targets .....</b>	<b>5</b>

## 1. Authority

The Department of Education and Training (DET) has re-engineered the procurement function during the 2010/11 financial year by implementing category management, re-structuring the Corporate Procurement Branch and updating the department's Procurement Policies, Delegations and Instructions to be more outcome focused. Procurement Officers now have increased capability and clearer authority to add value to the procurement process and to more proactively support service delivery.

DET distinguishes between purchasing which is fundamentally focused on cost-efficient acquisition of operational requirements, and procurement which incorporates planning and market research to obtain measurable value added benefits for the department in complex and strategically significant areas. The Queensland State Procurement Policy requires agencies to develop a Corporate Procurement Plan (CPP) that details the agency's procurement strategies and compliments the agency's Strategic Plan and deliverables. The CPP describes how outcomes are to be measured during the plan period and lists the significant outcomes and benefits achieved during the previous financial year.

DET's Corporate Procurement Plan focuses on increasing the effectiveness of the procurement function by raising the professional capability of Procurement/Purchasing Officers, and improving data collection and analysis. To support and promote the department's delivery of its education and training mission to create clever, skilled and creative Queenslanders, greater emphasis will be placed on collaboration with departmental clients and industry experts. The objective is to increase the effectiveness of the procurement function in supporting Government outcomes while maintaining high levels of transparency and accountability.

I approve the 2011-2015 DET Corporate Procurement Plan and require and urge all staff to support its implementation and work with our Procurement and Purchasing Officers to maximise the benefits available to the department. The keys to success will be commitment by all stakeholders to increased collaboration in procurement planning and active engagement in the procurement process.

**Julie Grantham**  
**Director-General**  
**Department of Education and Training**

/ / 2011

## 2. Foreword

DET has a significant role in the Queensland economy in terms of:

- the services and outcomes delivered,
- the people employed, and
- more than two billion dollars of expenditure on goods and services.

Efficient and effective management of this expenditure is critical not only to the department's operations but also to the Queensland community. I am pleased to present the *Department of Education and Training's Corporate Procurement Plan 2011-2015*. This plan outlines the procurement strategies and program of work to manage that spend for the next financial year as well as projects that will continue past this period.

The 2011-2015 CPP includes increased emphasis on capital works and infrastructure procurement. This is a significant area of expenditure for DET and its inclusion increases the department's ability to plan for, achieve, and report outcomes from all expenditure.

Although the department has exceeded the 2010/11 procurement benefits targets and achieved cost savings of \$59.5 million, further benefits and efficiencies can still be achieved through improved procurement strategies. To support the development and implementation of these strategies, the systematic review of departmental expenditure will continue during the coming period. As a result of these anticipated improvements the department is aiming for financial benefits from effective procurement of \$43.8 million in 2011/12 (Expected benefits are lower due to reduced expenditure following the completion of significant projects such as the BER). The department will also use its purchasing power to achieve improvements in social and environmental sustainability throughout the supply chain. This is an important area of focus and will continue to influence procurement strategies across DET and its operations.

The department's Purchasing and Procurement Policy, Delegations, Procedures and Instructions have all recently been updated to increase the effectiveness of purchasing and procurement activities. The ability to achieve the full benefits of these initiatives is dependent upon continued development of professional purchasing and procurement capability and collaborative procurement planning. Early engagement with clients and improved alignment between operational objectives and the procurement activity will be critical to success.

This plan details DET's procurement strategies and priorities for 2011/12 and outlines how performance will be measured. Your commitment will ensure the procurement function best supports your operations.

**Mike Heard**  
**Executive Director**  
**Corporate Procurement Branch**

/ / 2011

## 3. Review and Future Targets

### 3.1 The Role of Procurement

The procurement function within DET is focused on providing Schools, Institutes and business units with prompt and efficient acquisition of goods and services to support the achievement of education and training outcomes. The Corporate Procurement Branch contributes to the delivery of best value procurement and purchasing through the development and implementation of cost effective procurement systems, policies and processes while complying with legislative and Departmental requirements.

### 3.2 Procurement Reform

In 2010/11 the Department adopted a more strategic approach to procurement by implementing the following initiatives:

- Implementing Category Management and establishing a Category Management structure within the Corporate Procurement Branch.
- Establishing a specialised Procurement Capability Unit to improve the capability of Procurement and Purchasing Officers in order to increase the effectiveness and performance of the procurement function.
- Revising the department's Purchasing and Procurement Policies, Delegations, Procedures and Instructions to be more outcome focused and allow Procurement Officers to exercise greater professional judgment and autonomy to achieve significant improvements for DET.
- Conducting procurement in accordance with a Corporate Procurement Plan that includes specific projects and activities to be completed within that financial year, setting targets and measuring performance, and monitoring progress.
- Adopting a more rigorous benefits measuring regime to ascertain the effectiveness of the procurement function, establish bench marks for measuring outcomes and facilitate the introduction of continuous improvement programs.

### 3.3 Procurement Objectives

This plan refines previous Corporate Procurement Plan objectives to be more action orientated and emphasises the importance of sustainability – environmental, social and economic.

DET's procurement objectives for 2011 -2015 are to:

- Obtain best value for money
- Maintain probity and accountability
- Support the curriculum
- Provide a safe environment
- Promote sustainability, and
- Assist local suppliers

### 3.4 Procurement Strategies

Strategies to achieve the identified procurement objectives include:

- Best value for money will be obtained by:
  - rationalising internal demand;
  - standardising and aggregating demand to obtain volume discounts;
  - exploiting market competition;
  - significantly reducing the number of instances where a competitive offer process has been avoided;
  - minimising purchasing processes and reducing transaction costs; and
  - identifying key value for money performance indicators in supply contracts and regularly monitoring these.
- Probity and accountability will be maintained by:
  - developing and maintaining local purchasing policies and procedures that include minimum probity and accountability requirements;
  - periodically conducting random audits of procurement activities for operational effectiveness (achieving nominated outcomes) and probity; and
  - increasing transparency by actively supporting the Government's initiative of publicly advertising the details of all orders and contracts of \$10,000 or more in value.
- The curriculum will be supported by:
  - obtaining appropriate collaboration and sign off by curriculum experts when developing specifications and evaluating offers;
  - establishing supply arrangements which reflect current and future curriculum requirements; and
  - establishing regular and formal feedback forums to review the effectiveness of supply arrangements.
- A safe environment will be provided by:
  - including safety/risk assessments in the development of specifications for hazardous equipment and materials;
  - engaging appropriate expertise in preparing specifications, evaluation criteria, evaluation plans, reports and recommendations for hazardous equipment and materials; and
  - including provision for equipment commissioning and staff development/training programs to be implemented before hazardous machines and tools are used by students.
- Sustainability will be promoted by:
  - considering sustainability issues (including performance benefits and measurement) during the planning stage for all tenders and significant purchases;
  - including sustainability targets in the Corporate Procurement Plan and reporting these annually; and
  - participating in Government sustainability initiatives.

- Local suppliers will be assisted by:
  - giving local suppliers the opportunity to offer or quote for supplies and services where possible and reasonable;
  - assessing the capability of local supplier to supply when developing plans for significant purchases and ensuring that specifications are not unduly restrictive for, or exclusive of, local suppliers;
  - ensuring that local suppliers are not excluded from supply arrangements by an inability to supply all areas of Queensland; and
  - the provision of information on requirements and processes for supplying to the department.

### 3.5 2010/11 Procurement Benefits

2010/11 procurement targets listed in the 2010 – 2014 CPP, the actual results achieved in 2010/11 and related targets for 2011/12 are summarised in **Table 1**.

Procurement Benefit	Target 2010/11	Est Results 2010/11	Target 2011/12
Cost savings	\$25 million	\$59.5 million	\$43.8 million <sup>1</sup>
Paper with recycled content	80% from major suppliers	75%	82.5% <sup>2</sup>
Qty of remanufactured toner cartridges	8,625	8,345	9,179 <sup>2</sup>
% spend in regional Queensland	25%	27%	25%

**Table 1:** Procurement Targets and Results

The cost benefits achieved in 2010/11 significantly exceeded the \$25 million target. Additional reported benefits have resulted from: an increased number of commodities under management; changes in benefits calculation methodologies for IT hardware; increased expenditure in some areas of managed spend; and the inclusion of Infrastructure Category components within the CPP activity. The reported benefits include savings due to reducing the acquisition cost of goods and services as well as costs avoided due to improved procurement practices.

Ongoing improvement in procurement effectiveness within the department will be aided by a number of key initiatives implemented in 2010/11 including:

1. Development of new delegations that;
  - better differentiate between process driven purchasing and outcome focused procurement,
  - empower purchasing staff to make sourcing decisions for low value/low risk purchases based on specified local conditions, and
  - allow for progressive devolution of authority to local staff in line with emerging needs and growing capability.

<sup>1</sup> Lower targets in 2011/12 reflect anticipated reductions in expenditure (e.g. as a result of completion of significant programs such as BER).

<sup>2</sup> Growth is expected as a result of planned marketing program raising business unit awareness of arrangement.

2. Implementation of a Corporate Procurement Branch structure that:
  - assigns responsibility for outcomes to specified positions based on product and service categories;
  - allows procurement staff to capitalise on product and service knowledge through category specialisation; and
  - delivers more focused and tailored solutions.
3. Establishing a whole-of-department integrated procurement governance model (which will incorporate Capital Works and Infrastructure).
4. Increased emphasis on the development of new supply arrangements with a curriculum focus to replace former ad hoc purchases and deliver integrated solutions.
5. Continued devolution of the purchasing function (including organisational re-alignment) to best support operations and service delivery

### **3.6 2011 – 2015 Procurement Plan**

In 2011 to 2015 the Department will continue to take a strategic approach to procurement that aligns with the Strategic Plan and uses its significant spending power to advance Government objectives and initiatives. Increased emphasis will be placed on social and environmental sustainability considerations in procurement decisions - recognising the importance of community and environmental impacts affected by procurement decisions.

Building on the 2010/11 improvement initiatives, a greater emphasis will be placed upon raising the professional capability and personal confidence of procurement and purchasing staff in 2011/12. This will allow the increased professional autonomy inherent in the new Purchasing and Procurement Policies, Delegations, and Procedures to be exercised to increase benefits for the department. Early engagement with key stakeholders and markets will be encouraged to ensure organisational objectives and procurement outcomes are aligned.

Across the entire Department, the procurement function and activity will need to be efficient, flexible and responsive to provide the required support to existing programs and initiatives such as the Flying Start.

### **3.7 2011 Report and 2012 Procurement Program**

The attached appendices provide details of the significant procurement projects and results from 2010/11 and the Procurement Program for 2011/12.

TRIM Ref: 11/.....