



**Government
of South Australia**

TRS20D2636

Hon Stephen Mullighan MP
Member for Lee
Unit 1, 62 Semaphore Road
SEMAPHORE SA 5019

Treasurer
Level 8
State Administration Centre
200 Victoria Square
Adelaide SA 5000
GPO Box 2264
Adelaide SA 5001
DX 56203 Victoria Square
Tel 08 8226 1866
treasurer.dtf@sa.gov.au

lee@parliament.sa.gov.au


Dear Mr Mullighan

APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (the Act), dated 6 August 2020.

Your application seeks access to:

“All minutes, briefings and correspondence titled ‘Summary of Procurement Reform Working Group Discussion – 9 April 2020’ as described on the Objective document management system, between 9 April and 5 August 2020.”

The prescribed legislative timeframe to determine this application has expired and is now deemed as refused access to documents relevant to your application. I refer to my letter dated 18 August 2020 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 2 documents were identified as answering the terms of your application.

I grant you access in full to 1 document; a copy of which is enclosed
I grant you access in part to 1 document; a copy of which is enclosed.

Documents Released in Full

Document 2

Documents Released in Part

Document 1 is released in part as it contains the mobile number of a Ministerial Adviser to the Treasurer, which if released, would be an unreasonable disclosure of personal affairs. I have determined to exempt this information pursuant to clause 6(1).

Exemptions

Clause 6 – Documents affecting personal affairs

A document is an exempt document if it contains matter the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the Act.

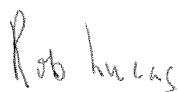
In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Ms Vicky Cathro, Ministerial Liaison Officer, by telephone on 8226 9769 or by email to vicky.cathro@sa.gov.au.

Yours sincerely



Hon Rob Lucas MLC
Principal Officer

16 December 2020

Att.

Schedule of Documents

TRS20D2636 - Summary of Procurement Reform Working Group Discussion - 9 April 2020

Doc. No.	Date	Description of Document	# of pages	Determination Recommendation	Exemption Clause	Reason
1	20/04/2020	Email trail between Treasurer's Office and Office of the Industry Advocate	2	Released in part	6(1) - Unreasonable disclosure of personal affairs	
2		Attachment to Document 1	3	Released in full		

RELEASE IN PART

DTF:Treasurer

From: Lees, Sue (DTF)
Sent: Monday, 20 April 2020 2:11 PM
To: DTF:Treasurer
Subject: FW: Summary of Procurement Reform Working Group Discussion - 9 April 2020
Attachments: Procurement Advisory feedback.docx

Pls Index

Regards,

Sue Lees
Ministerial Adviser to
the Hon Rob Lucas MLC, Treasurer
Ph 8226 1925

Sue.lees@sa.gov.au
Level 8, State Administration Centre
200 Victoria Square, Adelaide SA 5000

From: Nightingale, Ian (DTF)
Sent: Monday, 20 April 2020 1:13 PM
To: Lees, Sue (DTF) <Sue.Lees@sa.gov.au>
Subject: FW: Summary of Procurement Reform Working Group Discussion - 9 April 2020

Hi Sue,
This feedback from the working group I mentioned Friday.

Originally I had planned to pull the group together to give me some feedback on the reforms proposed as a result of the SAPC recommendations but the impact from COVID-19 overtook that plan to a degree.

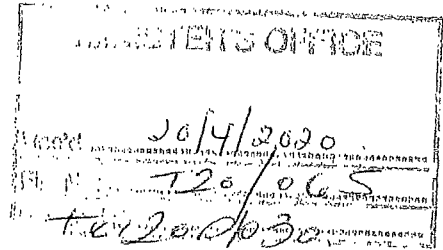
Could you pass it on to the Treasurer.
Regards

Ian Nightingale
Industry Advocate

T 8226 8956
E ian.nightingale@sa.gov.au
W <https://industryadvocate.sa.gov.au/>

In response to the spread of the coronavirus (COVID-19) the Office of the Industry Advocate will trial a period of working remotely commencing Monday 23 March 2020.

Level 13, 99 Gawler Place, Adelaide, 5000



N
Rob Lucas
20/4/20



RELEASE



Summary of Procurement Reform Working Group Discussion – 9 April 2020



Sector	Comment/ Suggestion
General	<p>Industry participation or economic participation is much broader than procurement policy.</p> <p>Opportunity to establish a mechanism where projects can be advertised to encourage local quotes – in addition to SA Tenders and Contracts.</p> <p>Government is the biggest buyer in town – its response post COVID-19 will be crucial for small business sector in the State.</p> <p>Increased communication to all businesses is key in times of a crisis like this, it's not just going to be the 'new age' businesses that are going to create jobs when we come out of this so they will need confidence to re-employ and invest again.</p>
Consulting	<p>Is it possible to 'tilt scales' toward local providers for government procurement – would be good to see South Australian businesses get an advantage.</p> <p>Spending locally not only directly creates jobs in South Australian industries, it also has a multiplier effect in that it increases economic activity.</p> <p>Governments have consistently confused value for money with low cost, and budgets for agencies engineering workforce have consistently been stripped.</p> <p>30% of projects with government have been deferred or cancelled.</p> <p>For all procurements, seek three quotes to open market up, making sure a local supplier is among them.</p>
Building Construction (Commercial and Domestic)	<p>Identified a procurement risk in getting materials – that is likely to be a benefit for local providers now.</p> <p>In this climate address the issue of agencies accepting bids that are obviously well below cost - resulting in the head contractor extracting their margin by screwing subcontractors and suppliers which is effectively sending them broke.</p> <p>Now moving to construction risk – trying to avoid an outbreak on site.</p> <p>On a positive note, DPTI has accelerated payment terms.</p> <p>However SA government contracts require head contractors to furnish statutory declarations to confirm they've paid their suppliers, it seems the government only wishes to mandate the stat dec.</p> <p>Opportunities for import replacement/ onshoring. This is a good 'long term' discussion – opportunity to shift away from price-point only, noting that has sometimes resulted in poorer quality construction</p>

Summary of Procurement Reform Working Group Discussion – 9 April 2020

	<p>Too many cases the quality of the imported products is not in line with Australian Standard requirements this most change to give Australian manufacturing a chance.</p> <p>Make sure all current and future pre-qualification arrangements are urgently reviewed to include a Code Practice that encompasses the points made here.</p> <p>Should be thinking about how supply chains need to change and evolve to a post Covid-19 world and economy</p>
Marketing & Public Relations	<p>Consider value in government procurement rather than least cost.</p> <p>Limited tender is used too much and by its very nature is less competitive and doesn't provide the opportunity for all potential suppliers to compete.</p> <p>Improving procurement officer capability – reduce fear of engagement with market (making sure that adequate probity arrangements are in place, and officers are still working within parameters). This could be particularly beneficial for arts, professional services sectors.</p>
Distribution	<p>Current situation highlights risk of sole suppliers.</p> <p>Challenges evident in global supply chains from the disruption of manufacturing in China, the loss of traditional logistics channels such as international air freight.</p> <p>Government should allow for cost factors that they impose on local suppliers that are not imposed on the global competitors.</p> <p>Redesign our supply chains where increased resilience is a key design factor.</p>
Planning/ Construction Design	<p>Design industry has been able to adapt quite well.</p> <p>One policy option could be the use of Contracted Mandated Onshore Manufacture. This would involve a defined (and contracted) percentage of supply volume that would be mandated for onshore manufacture</p> <p>Will there be government stimulus directed to public infrastructure? If that is the case, sector is keen to see opportunity for design community to contribute to a 'legacy' – projects whose design can contribute to/ make SA a better and more productive place at the end of this rather than 'cookie cutter' design.</p>
Creative Design	<p>There is a lot of uncertainty, including government clients.</p> <p>Would like to see a greater level of awareness of what capability does exist in local markets and use them first.</p>
Goods and Services	<p>Emphasis needs to be how we deal with post COVID19; how government procurement can reinvigorate business (noting that government funds will likely be depleted).</p> <p>Utilise innovation and technology to improve productivity.</p>



Summary of Procurement Reform Working Group Discussion – 9 April 2020



	<p>Support PM's view to build sovereign supply chain resilience.</p> <p>Any COVID-19 strategy will obviously need to consider what the impact is going to be as it will differ depending on the item being procured, the type of procurement and the government agency.</p>
Information Technology	<p>Support that is being made available by governments are having an impact.</p> <p>Long term culture change will be the biggest issue. Government procurement officers tend to stay with what they know – important to get the message out about buying local.</p> <p>Consideration of the financial and non-financial cost and benefits associated with a specific procurement.</p> <p>Consulting firms have been hard hit – some IT consultants have lost 90% while IT infrastructure teams have been smashed with a lot of work.</p> <p>Need to think about longer term impacts – businesses will need help to transition. Mental health/ WHS will be a big issue and a lot of smaller businesses don't have that capacity internally.</p> <p>Noting benefits of technology – eg reduced travel, increased efficiency.</p>
Professional services/ training	<p>Clients and providers have shown adaptability – using webinars for training delivery makes service delivery more profitable.</p> <p>There seems to be a greater degree of willingness for partnering/ joint bidding (particularly with interstate providers).</p> <p>Have had experience where someone in government thought they were doing provider 'a favour' by deferring procurement – this is an example of where more engagement with suppliers would be helpful.</p>
Consulting (Market Research focus)	<p>Co-design procurement is really important.</p> <p>Cashflow will be a big issue for SMEs – any projects government can bring forward would be a big plus.</p> <p>Deep concern re the ability of the local government sector's ability to cope, in particular spending/ impact in regional communities.</p>
Engineering	<p>Government projects always seem to have a least cost objective and this is often achieved through very questionable contract variation practices and this impacts on local businesses and the economy.</p> <p>Local government seems to have pulled back on investment – could be a knee-jerk reaction due to uncertainty.</p>