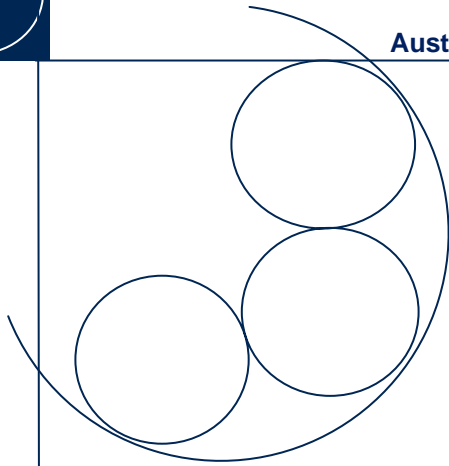




Australian Procurement and Construction Council Inc



# **ANNUAL REPORT 2007-2008**



# AUSTRALIAN **PROCUREMENT CONSTRUCTION** AND COUNCIL

## **VISION**

To be recognised by stakeholders as adding value and promoting excellence in the way governments deliver their services to the community.

## **PURPOSE**

To provide leadership and to expedite outcomes through the collective knowledge, expertise and collaboration.

## **OUR VALUES**

- Improving knowledge transfer across our membership to support and compliment our work programs.
- A coordinated and collaborative approach.
- Right of any jurisdiction to collaborate on any initiative and right for others not to.



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## Introduction

### **THE ROLE OF GOVERNMENT PROCUREMENT**

Procurement in the public sector has had a dramatic transformation in recent years. In the current environment governments face increased pressures from the higher expectations of citizens, greater public scrutiny, the global marketplace, an ageing population and declining revenue base.

Public procurement is affected by these pressures and has changed from a process-driven role to becoming a vital part of how government manages its resources and realises its goals. Good government procurement is essential to ensuring good public services – it can achieve savings and efficiencies that benefit the broader community.

New and innovative procurement processes and practices can deliver significant savings across government by improving planning and risk management; ensuring effective use of resources; and providing better procurement outcomes for agencies.

As a leader in government procurement the Australian Procurement and Construction Council (APCC) has the capacity to champion innovation and capture the benefits of nationally consistent approaches. It can drive innovation and procurement solutions which deliver efficiency gains and add value for government, industry and the Australian and New Zealand communities.

Through the collective expertise and open exchange of information between individual members, the APCC is at the forefront of developing strategies and directions which balance the complex and divergent procurement imperatives.

### **GOVERNMENT AND THE CONSTRUCTION INDUSTRY**

A major share of construction industry activity is generated by the continuing demand for public asset and infrastructure development. Australian, State and Territory governments and the New Zealand Government are committed to supporting industry development through leadership in their consolidated role as major clients of the construction industry.

Governments can act as leaders and facilitators to influence the strategic direction of the construction industry and encourage improvements through their procurement processes.

The APCC provides a single, national interface between government and the construction industry and undertakes a consultative, liaison and leadership role. The APCC develops specific initiatives in partnership with industry aimed at increasing productivity, competitiveness and long-term sustainability for the construction industry and the benefit of the Australian and New Zealand communities.

## The APCC: Providing national leadership and promoting procurement excellence

The Australian Procurement and Construction Council Inc (APCC) is the peak council whose members are responsible for procurement and construction policy for the Australian, State and Territory governments. New Zealand is an associate member. The APCC is made up of 15 member agencies.

The APCC provides leadership and promotes excellence in construction and procurement through its role as a national reference on policy advice, principles and best practice.

The work of the APCC is committed to harness savings from procurement excellence which can be redirected to maximise service delivery to the Australian and New Zealand communities.

The APCC Council of Chief Executive Officers met in November 2007. The Council reports to the Australian Procurement and Construction Ministerial Council (APCMC), comprising Australian, State, Territory and New Zealand Ministers with responsibility for procurement and construction policy. The APCMC met in September 2007.

The APCC Leadership Group drives the overall work program within the priorities identified by the APCC Council and supports the APCC Directorate. The APCC Leadership Group met twice in the past financial year while the action teams and working groups arranged frequent meetings and teleconferences.

The APCC Directorate has responsibility for the day-to-day running of the APCC and takes an overarching co-ordination role in managing the work program. It provides support on every project and assists each project leader. Through its administration of all projects the Directorate creates synergies across projects and between member agencies.

### APCC CONTACT DETAILS

The APCC is an association incorporated under the *Associations Incorporation Act 1991* (ACT).

**Street address**

Unit 6, First Floor  
42 Geils Court, Deakin ACT 2600

**Postal address**

PO Box 106  
Deakin West ACT 2600  
Tel 02 6285 2255  
Fax 02 6282 3787  
Email [info@apcc.gov.au](mailto:info@apcc.gov.au)  
Web [www.apcc.gov.au](http://www.apcc.gov.au)

**Banker**

National Australia Bank

**Auditor**

Walter and Turnbull  
44 Sydney Avenue  
Barton ACT 2600

**APCC Executive Director**

Mrs Jane Montgomery-Hribar

# Australian Procurement and Construction Ministerial Council (APCMC)

The Australian Procurement and Construction Ministerial Council (APCMC) comprises Ministers with responsibility for construction and procurement policy within the Australian, State and Territory governments, and the New Zealand Government. The APCMC is a Council Of Australian Governments (COAG) Ministerial Council. Following is the Ministerial Council membership as at 30 June 2008.

**The Hon Tim Holding, MP (Chair)**

**Victoria**

Minister for Finance (including Workcover and TAC)  
Minister for Water  
Minister for Tourism and Major Events

**The Hon Eric Roozendaal, MLC**

**New South Wales**

Minister for Commerce  
Minister for Roads

**The Hon Eric Ripper, MLA**

**Western Australia**

Deputy Premier, Treasurer  
Minister for State Development

**The Hon Michelle Roberts, MLA**

**Western Australia**

Minister for Housing and Works  
Minister for Heritage  
Minister for Land Information  
Minister for Indigenous Affairs

**The Hon Michael Wright, MP**

**South Australia**

Minister for Finance  
Minister for Industrial Relations  
Minister for Government Enterprises  
Minister for Recreation, Sport and Racing

**The Hon Patrick Conlon, MP**

**South Australia**

Minister for Infrastructure  
Minister for Transport  
Minister for Energy

**The Hon Justin Madden, MLC**

**Victoria**

Minister for Planning

**The Hon Robert Swarten, MP**

**Queensland**

Minister for Public Works  
Minister for Housing and Information  
Communication Technology

**The Hon Lindsay Tanner, MP**

**Australian Government**

Minister for Finance and Deregulation

**The Hon Delia Lawrie, MLA**

**Northern Territory**

Treasurer  
Minister for Planning and Lands  
Minister for Infrastructure and Transport  
Leader of Government Business

**Mr Karl Rio Hampton, MLA**

**Northern Territory**

Minister for Regional Development  
Minister for Sport and Recreation  
Minister for Information, Communications and Technology  
Policy  
Minister Assisting the Chief Minister on Major Projects and  
Economic Development

**Mr Jon Stanhope, MLA**

**Australian Capital Territory**

Chief Minister  
Treasurer  
Minister for Business and Economic Development  
Minister for Indigenous Affairs  
Minister for the Arts  
Minister for Environment, Water and Climate Change

**The Hon Lianne Dalziel**

**New Zealand**

Minister of Commerce  
Minister for Food Safety  
Associate Minister for Justice



**APCC Member  
Authorities**

## **STATE**

Department of Commerce, New South Wales

NSW Treasury, New South Wales

Department of Treasury and Finance, Western Australia

Department of Housing and Works, Western Australia

State Supply Commission, Western Australia

Department of Transport, Energy and Infrastructure, South Australia

Department of Treasury and Finance, South Australia

Building Commission, Victoria

Department of Treasury and Finance, Victoria

Department of Public Works, Queensland

## **TERRITORY**

Department of Corporate and Information Services, Northern Territory

Department of Planning and Infrastructure, Northern Territory

Department of Treasury, Australian Capital Territory

## **AUSTRALIAN GOVERNMENT**

Department of Finance and Deregulation, Australian Government

## **NEW ZEALAND**

Ministry of Economic Development, New Zealand



**APCC Council  
of CEOs**

The APCC Council is the peak body of government departments and authorities responsible for procurement and construction policy in the Australian, State and Territory governments and the New Zealand Government. The APCC Council met on 9 November 2007. Following is the APCC Council membership as at 30 June 2008.

**Mr Mal Grierson (Chair)**

Director-General  
Department of Public Works  
Queensland

**Mr John Lee (Deputy Chair)**

Director General  
Department of Commerce  
New South Wales

**Mr John Tondut (APCC Secretary/Treasurer)**

Executive Director, Government Procurement  
Department of Treasury and Finance  
Western Australia

**Mr John Coles**

Deputy Director General  
Department of Housing and Works  
Western Australia

**Mr Rod Alderton**

Chief Executive Officer  
State Supply Commission  
Western Australia

**Mr Jim Hallion**

Chief Executive  
Department for Transport, Energy and  
Infrastructure  
South Australia

**Mr Garry Goddard**

Deputy Under Treasurer  
Department of Treasury and Finance  
South Australia

**Mr Charles Reis**

Deputy Secretary, Government Services Group  
Department of Treasury and Finance  
Victoria

**Mr John Grant**

Division Manager  
Procurement, Asset Management Group  
Department of Finance and Administration  
Australian Government

**Dr Guy Verney**

Branch Manager  
Special Claims and Land Policy  
Department of Finance and Administration  
Australian Government

**Mr Graham Symons**

Chief Executive Officer  
Department of Corporate and Information Services  
Northern Territory

**Ms Fiona Williams**

Executive Director, Infrastructure Services Division  
NT Department of Planning and Infrastructure  
Northern Territory

**Ms Megan Smithies**

Acting Under Treasurer  
Department of Treasury  
Australian Capital Territory

**Mr Rory McLeod**

Acting Manager  
International Technical and Regulatory Coordination  
Group, Regulatory and Competition Policy Branch  
Ministry of Economic Development  
New Zealand



## Chair's Report

I am pleased to present the 2007-2008 Annual Report and to briefly highlight our many achievements over the past year. My report pays particular attention to initiatives endorsed by our Ministers at their September 2007 Australian Procurement and Construction Ministerial Council (APCMC) meeting.

The evolution of government procurement as a critical major economic activity in recent years has escalated the important role APCC members play in leveraging and adding value to what and how governments buy and build. This has been demonstrated during the year through a number of key projects.

The scale of the procurement of goods and services and capital works by Australian governments at all levels continues to grow - aggregated spend is approximately \$198 billion per annum. Just 1% saving in procurement expenditure each year as a result of improved strategic procurement approaches would deliver over \$1.9 billion return annually. Against this background, opportunities to capture potential savings are greater through national collaboration than would otherwise be achieved at the jurisdictional level.

**Increasingly, strategic procurement is at the core of delivering savings for governments while improving service delivery outcomes for the community.**

Globally there has been a concerted effort to deliver sustainable outcomes through procurement activities. APCC members recognised the importance of taking the lead in addressing these challenges and produced the *Australian and New Zealand Government Framework for Sustainable Procurement* (Framework). The Framework is a 'world's first' and provides a consistent approach and commitment to sustainable government procurement by all Australian governments and the New Zealand Government.

The Framework launched by Ministers in September 2007 recognises the potential of government procurement to contribute towards mitigating the impact of climate change, delivering benefits to the community, encouraging responsible suppliers and most importantly creating a viable trans Tasman market for sustainable products.

The APCC has also demonstrated leadership and innovation in sustainable government office space. The Government Property Group is leading sustainability in respect to office buildings with a significant agenda encompassing nationally consistent green leases, environmental rating tool kits and strategies for the reduction of resource consumption.

In May 2008 the APCC released *Building Government Procurement Capabilities* that forms the framework for the governments of Australia and New Zealand to implement collaborative strategies to build a larger and more capable pool of professional skills. This body of work will assist public sector agencies to deliver on their organisational objectives and to mitigate the potential risk of poorly executed procurement and lost opportunities.

Reconfirming their ongoing commitment to a single competitive market for government purchasing in September 2007 Ministers signed the revised *Australian and New Zealand Government Procurement Agreement* (ANZGPA).

Adoption of the National Information Communications and Technology (ICT) Contractual Framework launched jointly by Ministers and the ICT industry in September 2007 will bring consistency in government ICT contracts across Australia resulting in a reduction in cost and time for government and industry.

The role of the APCC community will become increasingly critical to sourcing solutions for jurisdictions to deliver expected targets, savings and outcomes for the community in the procurement of goods and services and capital works.

The imperative to maximise opportunities to leverage off one another is more critical now than ever before. It is extremely important that APCC members continue to collaborate and maintain their influence and credibility as leaders in procurement excellence.

In closing, I want to thank APCC members for their ongoing commitment to the spirit of collaboration - APCC's greatest strength. And I specifically thank Jane Montgomery-Hribar, Executive Director and her dedicated staff for a year of many achievements and highlights.



**Mal Grierson**  
Chair



## Executive Director's Report

The work of the APCC continues to evolve due to our unique position to leverage the benefits from the constantly changing and complex government procurement environment. The many successes and continued strong growth of the APCC is underpinned by the strength of our national collaboration.

The savings derived from participation in APCC activities is harnessed and redirected to maximise outcomes and service delivery to the Australian and New Zealand communities.

As the need to maximise outcomes from government procurement increases the APCC is pivotal in continuing to build relationships and information exchange and intelligence across jurisdictions.

There is an increasing need to cross national and international boundaries for improved procurement solutions. In response the APCC is focusing on innovative business solutions to deliver immediate savings whilst improving service delivery. The APCC is at the forefront of procurement innovation.

This need to deliver better quality procurement outcomes together with the changing dynamics of government procurement has led to the APCC driving an extensive work program to build the procurement profession in government through the enhancement of skills and professionalism of procurement officers.

Following the launch of the *Australian and New Zealand Government Framework for Sustainable Procurement* (Framework) by our Australian Procurement and Construction Ministerial Council (APCMC) in September last year the APCC has been progressing a number of key projects which form part of a staged rollout across Australian and New Zealand. These key projects underpin implementation of the Framework.

The APCC continues to strengthen relationships with key stakeholders both internally and externally to government. The National Information and Communication Technology (ICT) Contractual Framework (Framework) is an excellent example of the APCC and the ICT industry working together in a spirit of collaboration. The APCC and the ICT industry are continuing to address subsequent stages of the Framework which will result in significant benefits for both government and industry.

It is universally understood that the benefits from leveraging governments' buying power are greater under a collective jurisdictional approach than could otherwise be achieved at the state level. With the introduction of inter-jurisdictional common purchasing arrangements savings of between 10% - 40% on previous purchasing arrangements have been derived.

Further cross jurisdictional opportunities for aggregation, development of common approaches to the market, and leveraging the collective buying power forms a key component of the APCC's agenda moving forward.

A key objective of the APCC membership is to be more innovative and strategic utilising procurement as a strategic tool to drive economic and social reforms.

I sincerely thank and acknowledge the support of the Chair, APCC Council, Leadership Group and working groups on another successful year. Similarly I thank my dedicated and supportive team at the Directorate. Our accomplishments over the past twelve months would not have been possible without their contribution.

**Procurement is fast becoming the last contingency factor of government and in the future procurement potentially is the most powerful tool that governments can utilise to influence change.**

**Jane Montgomery-Hribar**  
Executive Director

## APCC Work Program Strategic Achievements

### 1 APCC LEADERSHIP GROUP

The APCC Leadership Group comprises representatives from all member jurisdictions. The two chairs of the Group are Mr Don Allan, Queensland (construction) and Mr John Tondut, Western Australia (procurement). The Group drives the overall APCC Work Program and supports and assists the APCC Directorate across construction and procurement issues.

The APCC Leadership Group has been progressing the new 2007–2012 Work Program this year. The projects within the program are multi-faceted and collaborative and they reflect the emergence of strategic procurement sourcing and jurisdictional reform agendas.

During 2007–08 the APCC Leadership Group worked with the Directorate, action teams, and working groups to help achieve the aims of current projects.

### 2 APCC WORK PROGRAM 2007–2012

The challenge for all governments including APCC members is to build new delivery mechanisms that respond effectively to the changing and complex government procurement environment.

Through collaboration at a national level governments can share knowledge, avoid duplication and achieve savings. They can also influence the market through leadership, innovation and volume. APCC members cooperate to achieve a nationally consistent approach, particularly in areas such as sustainability and information technology.

The APCC Work Program makes the collective approach a reality.

The APCC Work Program 2007–2012 has four overarching goals:

- Growth of the procurement profession in government
- Smarter approach to markets
- Promotion of consistent frameworks
- Effective stakeholder engagement

Its projects cover areas of greatest national importance and relevance in the current government procurement environment.

Each goal has a sponsor who champions and fosters a national perspective towards the goal's objectives. A number of projects are underway to deliver on each goal. The sponsor provides leadership and support on each project by focusing on achieving its objectives as well as reporting to the APCC Leadership Group on progress.

The APCC Work Program recognises the need for procurement to deliver immediate savings while improving service delivery. It continues to be reviewed to ensure it provides direct benefits to the APCC community. The growth of SharePoint as the APCC's web based intranet facility provides a central forum for users to develop and progress APCC projects in a secure and restricted environment.

**The APCC projects are collaborative and they reflect the emergence of strategic procurement sourcing and jurisdictional reform agendas.**

### 3 SMARTER APPROACH TO MARKETS

Governments are the main agents of economic management and reform. A critical role of APCC member agencies is to anticipate and manage emerging challenges and opportunities that affect service delivery. In response APCC members are required to build new delivery mechanisms.

It is imperative in this government procurement environment that governments make greater use of their collective buying power and market engagement through collaborative procurement. A collaborative approach to common procurement issues can increase the efficiency of jurisdictional procurement practices and deliver real benefits to governments and the Australian community.

The Smarter Approach to Markets work program provides the opportunity for governments to make better use of their collective buying power and adopt improved procurement solutions. Strong cross-jurisdictional collaboration can result in high-quality outcomes that are easier to implement, create longer term shared learning, better complex problem solving, better use of available resources and better serve the Australian community.

The APCC has commenced a program of cross-jurisdictional collaboration for procurement arrangements. The aim of collaborative arrangements is to create opportunities for governments to form partnerships and share resources so that, together, they can build their capacity to provide community services.

A number of projects are underway with some already delivering substantial savings.

#### **Motor Vehicle Hire Project**

In January 2007 the cross jurisdictional combined hire vehicle arrangement with Avis commenced. In the first 12 month period substantial savings have been realised in the order of 12% to 24% under the arrangement. Greater savings are expected throughout the term of the contract.

Additionally, the cross jurisdictional combined hire vehicle arrangement provides uniform terms and conditions, combine performance reporting and improved compliance and supplier support.

#### **International Airfare Arrangement Project**

The APCC has commenced development of a cross jurisdictional international airfare arrangement. Benchmarking has shown that discounts of approximately 40% are achievable on some of the identified routes. The realisation of savings will be reported in future Annual Reports.

#### **Strategic Fuel Procurement Project**

Through national collaboration the APCC is identifying and exploring strategic options which will better position governments in the fuel market and at their next round of negotiations. An APCC Working Group is tasked with considering and analysing possible national strategies which aim to improve the outcomes for government in managing fuel arrangements. Activities also include opportunities to share market knowledge, procurement strategies and benchmarking initiatives.

#### **National Microsoft Project**

The APCC National Microsoft Project has been established to explore what can be done collectively to improve value for money in governments' purchasing of Microsoft products. The objectives are to achieve improved flexibility in software options available to meet the business needs of governments, and obtain maximum value for money in dealings with Microsoft.

#### **United Nations Standard Product and Services Code (UNSPSC) Project**

Savings can be realised for all jurisdictions through more intelligent procurement processes such as working towards a common approach in the categorisation of goods and services in procurement business systems.

The APCC has established a Working Group to collaboratively influence and develop the UNSPSC to deliver a classification system which offers greater cohesion and clarity and one which better suites APCC member jurisdictional needs. This approach, combined with sharing experiences on the use of UNSPSC will avoid duplication of effort and streamline processes.

#### **National Forward Plan of Government Capital Works Programs**

In a first for Australia the APCC released a *National Forward Plan of Government Capital Works Programs* (Plan) in October 2007. The release is in response to Australia experiencing a construction boom in which there is an unprecedented quantity of construction and infrastructure projects to be delivered.

When the construction industry activity is buoyant, the capacity of the building and construction industry to respond to the needs of government to deliver on their respective jurisdictional capital works programs may be inadequate. Information on planned construction procurements would assist industry participants supplying services on major government construction projects to plan their future resource requirements.

The *National Forward Plan of Government Capital Works Programs* will be produced annually and will be publicly accessible through the APCC website.

## 4 GROWTH OF THE PROCUREMENT PROFESSION IN GOVERNMENT

It is widely recognised that procurement is the fastest growing profession. Successful organisations are strategically aligning the procurement function to their overall organisational effectiveness and objectives.

This new procurement environment has resulted in an unprecedented demand and challenge to recruit and retain highly capable procurement staff.

Government is not alone in the imperative to build greater procurement capabilities and considers that a combined effort will provide greater benefits than would otherwise be achieved acting alone. Of particular significance is the leverage that could be achieved through the combined demand for educational programs delivered through the university sector and the potential benefits of collaborative continuous development programs' for procurement people.

In a world first, the APCC and its members have produced a standard for government procurement capabilities by releasing the *Building Government Procurement Capabilities* (the Model) and the supplementary *Aspirational Capability Matrix for Government Procurement Practitioners and Professionals* (the Standard).

In producing the Model and Standard, the APCC has addressed a distinct 'gap' in the public sector both internationally and domestically. Although many governments have recognised the necessity of professionalising public procurement, few have sought to pair this activity with a career path and recruitment pathways. Internationally, the Model has been described as unique because it attempts to build an integrated professionalisation framework.

The Model and Standard provides direction for developing public-sector professionalism and capabilities and for setting target benchmarks for the procurement workforces in Australian and New Zealand. The Model is an outline of the various procurement roles, and the Standard is a public-sector standard for them.

The APCC together with the professional body Chartered Institute of Purchasing and Supply Australia (CIPSA), and several large private sector organisations, have commenced a number of projects to address the need to enhance procurement skills across Australia.

### Projects

1. Collaboration is occurring to encourage universities to include strategic procurement-based subjects in their undergraduate and postgraduate business programs. The vision is for universities to be delivering both undergraduate and postgraduate strategic procurement qualifications that are suitable for both public and private sector procurement development – that are recognised by CIPS Australia.

2. A structured Continuing Professional Development (CPD) program, being developed in partnership with CIPS Australia, supports procurement professionals to maintain their professional currency and to move along a career path towards more strategic executive roles is underway - with a trial planned for early 2009.

3. An expansion to the number of procurement professionals now practicing in the Australian private and public sectors being recognised at the Master of CIPS professional standard is being pursued. The APCC is encouraging CIPS UK to find a way to 'retrofit' this outcome. This will support growth in the status of the procurement profession in Australia and facilitate future recruitment.

The APCC model provides a framework within which member agencies have been actively advancing the professionalisation of procurement as described in the *Building Government Procurement Capabilities*.

- In 2008, Western Australia marked the celebration of the first group of students to complete their studies through Curtin University. In Queensland, the first group of students will graduate from the Bachelor of Business (Specialisation in Procurement & Supply) from Central Queensland University later this year.
- A number of member agencies will be participating in the Continuous Professional Development trial. Following the trial the Continuous Professional Development program will be rolled-out across Australia.
- The first bulk round of applications to CIPS UK for recognition as a Master of CIPS was successful. This significantly promotes CIPS Australia as the professional body for procurement people.
- Many APCC agencies are progressively working to ensure that their role statements are consistent for positions of similar duties and responsibilities and are aligned to the established set of core competencies developed by the APCC.

## 5 PROMOTION OF CONSISTENT FRAMEWORKS

Australian government procurement and capital works expenditure accounts for approximately 20% of Australia's gross domestic product (GDP). As a major purchaser of goods and services and capital works governments can act as a positive force to stimulate local and regional development and gain value for money for taxpayers. The way governments do business is integral to achieving this objective.

The APCC is fostering more streamlined procurement and identifying areas which will benefit from a national framework. The APCC working groups are undertaking a range of projects on benchmarking, consistency in policies and national frameworks to deliver more streamlined government procurement.

### **Sustainable Procurement**

The APCMC launched the Australian and New Zealand Government Framework for Sustainable Procurement (Framework) on the 14 September 2007. This Framework is the world's first government procurement framework to incorporate all three elements of sustainability into the one document.

The Framework sets national principles on implementing sustainable public procurement to minimise environmental impacts, benefit society and reduce costs.

The application of homogenous approaches to sustainability in contracting reduces duplication of effort across jurisdictions, delivers cost savings and sends a clear consistent message to the market regarding the Governments' commitment to sustainable alternatives.

The Framework encourages collaboration between governments to initiate consistent programs to promote the principles of sustainable procurement.

The APCC Working Group is progressing a number of projects that underpin and implement the principles in the Framework.

### **National Information Communication Technology Contractual Framework (NICTCF)**

Stage One of the NICTCF was launched by Ministers on 14 September 2007. It comprises a Charter and Contract Structure, incorporating a set of consistent top-level headings (and their ordering) and key terminology.

The NICTCF will bring a high degree of consistency to government ICT contracts across Australia simplifying and streamlining the procurement process therefore reducing costs and time for government, the industry and the Australian community.

It will also assist small to medium enterprises and new companies to enter the government market by the improvements to the procurement processes.

This first stage of the NICTCF has been developed in cooperation with the ICT industry and delivered in a particularly short time frame. It has fostered a spirit of collaboration between government and the ICT industry which continues today.

The NICTCF is an important and proactive move by all Australian governments to reduce the impact on the ICT industry and therefore assist development and investment in Australia.

In September 2007 Ministers asked the APCC to progress subsequent stages of the NICTCF. The Working Group is developing Stage Two of the NICTCF which builds upon the foundation created by Stage One. This will incorporate a 'clause bank' (together with agreed terminology) to be inserted into jurisdictional ICT contracts.

### **Government Property Group (GPG)**

The GPG provides national leadership on government property matters. Collectively GPG members are responsible for the management of over 4 million square meters of office space. The total value of the combined government owned portfolios is approximately \$3 billion and the total combined rental turnover is \$1 billion.

In September 2007 the APCMC asked the GPG to develop a National Framework for Sustainable Government Office Buildings (Framework) in liaison with the National Framework for Energy Efficiency (NFEE).

The proposed Framework will address key sustainability areas including rating tools, benchmarking against sustainability targets, 'green' leases and strategies to address the reduction of resource consumption.

The GPG has developed a Strategic Plan 2008-2010 which comprises a robust body of work for the next two years. The projects which underpin the Plan will expedite and deliver tangible outcomes for governments in the delivery of property solutions.

### **Benchmarking Initiatives**

The APCC fosters a culture of continuous improvement through the sharing of individual jurisdiction knowledge and learnings. One way that this occurs is through cross jurisdictional benchmarking. The aim is to identify and share procurement best practices and quantify their benefits through cross-jurisdictional collaborative benchmarking.

## 6 EFFECTIVE STAKEHOLDER ENGAGEMENT

The APCC supports its members at the national level by engaging with other government agencies; organisations; and industries. To maintain the quality of information being provided to members the APCC continued its role in interfacing with industry, and working with industry associations on specific procurement issues.

### Stakeholder Relationships

The value of stakeholder relationships has increased as the boundaries between private and public sectors continue to converge.

The APCC continues to strengthen relationships and engage with numerous key stakeholders. The APCC actively engages with industry associations for example the Australian Information Industry Association (AIIA), Australian Construction Industry Forum (ACIF); Standards Australia; and Australian Sustainable Built Environment Council (ASBEC).

The APCC has formed a partnership with the CIPSA to enhance the image and professional status of procurement. Other external stakeholders such as Telstra and the Commonwealth Bank are co-operating with the APCC in this important area of procurement.

The APCC is building strong relationships with government agencies which sit outside the APCC membership. For example the Defence Materiel Organisation and the Australian Taxation Office are collaborating with the APCC in areas of mutual interest.

Marketing of APCC achievements including project benefits underpins the effectiveness of the APCC. In particular promoting dialogue and raising awareness of the benefits for government and other stakeholders.

It is important that the benefits derived from APCC projects are implemented at the national and/or state level. This occurs through the integration of the benefits into jurisdictional policies and procedures and utilisation of the learnings to drive innovation, accelerate the introduction of better practice, and deliver better services to the Australian and New Zealand communities.

### International Procurement Consultative Group (IPCG)

The APCC International Procurement Consultative Group (IPCG) is Chaired by the Department of Foreign Affairs and Trade (DFAT) and provides an excellent forum to represent the issues and concerns of members in relation to government procurement (GP) in respect to international agreements including Free Trade Agreements (FTAs).

Currently Australia is discussing or negotiating FTAs with: Malaysia, China, Japan, the Gulf Cooperation Council (GCC) and Association of South-East Asian Nations (ASEAN). A joint non government study into the feasibility of a FTA between Australia and the Republic of Korea. Feasibility studies are currently underway on the possibility of FTAs with Indonesia and India.

The Australia–Chile FTA negotiations were concluded on 28 May 2008.

The IPCG continues to liaise on a range of jurisdictional government procurement issues in respect to international agreements.

### Australian and New Zealand Government Procurement Agreement (ANZGPA)

The ANZGPA was established in 1991 to create a single competitive market for government purchasing. The ANZGPA objectives commit free trade through a single market concept, and ensure the absence of trade barriers and other forms of discrimination in government procurement based on state of origin.

The ANZGPA is required to be reviewed every five years and this responsibility rests with the Australian Procurement and Construction Ministerial Council (APCMC) and is administered by the APCC.

The ANZGPA was signed by Australian Ministers and the New Zealand Minister at their September 2007 Meeting. The revised Agreement continues to promote a single competitive market for government procurement within Australia and New Zealand (without obstructing local industry development and preference measures), and actively promotes cooperation to adopt a consistent approach to procurement policy.

## 7 NEW PUBLICATIONS

### **National Information Communication Technology Contractual Framework (NICTCF)**

The APCC has developed *'The National ICT Contractual Framework'* (NICTCF) with the key objectives and aspirations of establishing common structural features that can be applied to the various ICT contract models currently used by all Australian governments.

The adoption of the NICTCF will increase consistency in government ICT contracts across Australia resulting in a reduction in cost and time for both government and industry.

The NICTCF is a positive and important outcome by all Australian governments to reduce the impact on the ICT industry and therefore assist development and investment in Australia.

### **The Australia and New Zealand Government Framework for Sustainable Procurement (Framework)**

The *Australian and New Zealand Government Framework for Sustainable Procurement* (Framework) is a set of national and trans-Tasman principles to guide Australian State, Territory and Federal governments and the New Zealand Government in implementing sustainable procurement.

The Framework supports and encourages collaboration between government jurisdictions to develop national programs and tools to promulgate the principles of sustainable procurement.

The Framework focuses the emphasis on sustainability when making procurement decisions and is a powerful reflection of the times we live in. The Framework demonstrates governments' commitment to the need for sustainability and economics to go hand in hand to ensure a prosperous future for our communities.

### **Building Government Procurement Capabilities – Model and Standard**

In a world first the APCC has produced a government procurement capabilities standard through the release of the *Building Government Procurement Capabilities* (the Model) and supplementary *Aspirational Capability Matrix for Government Procurement Practitioners* (the Standard).

These aspirational documents provide direction on the development of public sector professionalism and capabilities as well as to set target benchmarks for Australian and New Zealand procurement workforces.

### **10 Years of Outstanding Contributions to Government**

It is with respect and admiration that the APCC community congratulates Mal on 10-years of excellent service and contribution to the Queensland Government.

Mal Grierson, Director-General, Department of Public Works, Queensland and current Chair of the Australian Procurement and Construction Council, commenced his impressive career approximately forty years ago and has been Director-General of the Department of Public Works, Queensland for the last ten years (appointed Oct 1998).

The department is the Queensland Government's lead agency in the design, construction, fit-out and maintenance of government buildings; in the application of whole-of-Government information and communication technology; in procurement; in the provision of support services such as fleet management, printing and office supplies; and in recordkeeping in Queensland's public sector.

In 2001, Mal received a Centenary Medal for distinguished service to the public sector and in 2008 was awarded a Member of the Order of Australia (AM) in the Queen's Birthday Honour's list.

## 8 APCC COMMUNICATIONS

### **APCC Website**

The APCC website has been in existence for over 10 years. The APCC website has evolved with technology and continues to be an essential resource for members and industry. Members can access details of conferences, relevant industry news, policies, and APCC publications.

For industry, the website provides a range of information on government business opportunities within all jurisdictions, as well as useful business and government links. A number of APCC publications can be accessed, downloaded or ordered from the APCC website: [www.apcc.gov.au](http://www.apcc.gov.au).

### **APCC SharePoint**

SharePoint provides an essential on-line tool for inter-jurisdictional collaboration and coordination. Effectively, SharePoint is the APCC's web based intranet facility which provides a central forum for users to develop and progress APCC projects in a secure and restricted environment.

Members can add to or take from the pool of information or become involved in discussion groups and forums.



**APCC FINANCIAL STATEMENTS**  
For the year ended 30 June 2008

# AUSTRALIAN PROCUREMENT AND CONSTRUCTION COUNCIL INCORPORATED

## COUNCIL'S REPORT

Your council members submit the financial report of the Australian Procurement and Construction Council Incorporated for the financial year ended 30 June 2008.

### Council members

The names of the council members throughout the year and at the date of this report are:

Rod Alderton (appointed 18 July 2007)	Michael Martin (resigned 12 August 2007)
John Coles	Rory McLeod
Guy Verney	John Grant
Malcolm Grierson - Chair	Jeff Norton (resigned 9 November 2007)
Graham Symons (appointed 12 August 2007)	Nick Tamburro (resigned 10 August 2007)
Alan Marsh (resigned 23 August 2007)	John Tondut - Treasurer / Secretary
Jim Hallion	Rob McDonald (resigned 18 July 2007)
Rod Applegate (resigned 12 August 2007)	Megan Smithies
Charles Reis (appointed 12 August 2007)	Jim Wright (resigned 8 August 2007)
John Lee - Deputy Chair (appointed 23 August 2007)	Fiona Williams (appointed 12 August 2007)
Garry Goddard (appointed 28 August 2007)	Bob Mitchell (appointed 1 July 2007, resigned 9 November 2007)

### Principal Activities

The principal activity of the council during the financial year was to assist and support members in the effective provision of their advice and service to government and add value to the way governments work with the private sector to deliver services to the community by a number of initiatives.

### Significant changes

No significant change in the nature of these activities occurred during the year.

### Operating Result

The loss after providing for income tax amounted to \$20,215 (2007: loss \$27,399).

Signed in accordance with a resolution of the Members of the Council.

Treasurer

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Member

Chair

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Member

Dated this 23<sup>rd</sup> day of October 2008



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN PROCUREMENT AND CONSTRUCTION COUNCIL INCORPORATED**

## **Report on the Financial Report**

We have audited the accompanying financial report of the Australian Procurement and Construction Council Incorporated (the council) which comprises the balance sheet as at 30 June 2008 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the council.

### *Council's Responsibility for the Financial Report*

The council of the council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1991*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN PROCUREMENT AND CONSTRUCTION COUNCIL INCORPORATED (CONT'D)**

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

*Auditor's Opinion*

In our opinion:

- (a) the financial statements of the Australian Procurement and Construction Council Incorporated are properly drawn up:
  - (i) so as to give a true and fair view of its state of affairs at 30 June 2008 and the results of its operations for the financial year then ended and the other matters required by Section 72 (2) of the *Associations Incorporation Act 1991* to be disclosed in the financial statements;
  - (ii) in accordance with the provisions of the *Associations Incorporation Act 1991*; and
  - (iii) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements;
- (b) we have obtained all the information and explanations required; and
- (c) proper accounting records and other records have been kept by Australian Procurement and Construction Council Incorporated by the *Associations Incorporation Act 1991*.

Shane Bellchambers, CA  
WalterTurnbull

Dated this 22nd day of September 2008.

**AUSTRALIAN PROCUREMENT AND CONSTRUCTION COUNCIL INCORPORATED**

**BALANCE SHEET AS AT 30 JUNE 2008**

	<b>NOTE</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<b>6</b>	513,167	319,298
Trade and other receivables	<b>7</b>	923	16,855
Other current assets	<b>8</b>	<u>10,405</u>	<u>5,492</u>
<b>TOTAL CURRENT ASSETS</b>		<u>524,495</u>	<u>341,645</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>9</b>	<u>15,917</u>	<u>28,702</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>15,917</u>	<u>28,702</u>
<b>TOTAL ASSETS</b>		<u>540,412</u>	<u>370,347</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>10</b>	84,262	81,997
Provisions	<b>11</b>	12,208	6,205
Subscriptions in advance		<u>421,365</u>	<u>239,353</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>517,835</u>	<u>327,555</u>
<b>TOTAL LIABILITIES</b>		<u>517,835</u>	<u>327,555</u>
<b>NET ASSETS</b>		<u>22,577</u>	<u>42,792</u>
<b>EQUITY</b>			
Retained earnings		<u>22,577</u>	<u>42,792</u>
<b>TOTAL EQUITY</b>		<u>22,577</u>	<u>42,792</u>

# AUSTRALIAN PROCUREMENT AND CONSTRUCTION COUNCIL INCORPORATED

## STATEMENT BY MEMBERS OF THE COUNCIL

In the opinion of the Council the financial report set out on pages 4 to 22:

- (1) Presents a true and fair view of the financial position of the Australian Procurement and Construction Council Inc. as at 30 June 2008 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
- (2) At the date of this statement, there are reasonable grounds to believe that the Australian Procurement and Construction Council Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Council and is signed for and on behalf of the members of the Council by:

\_\_\_\_\_  
Member Treasurer

\_\_\_\_\_  
Member Chair

Dated this 23<sup>rd</sup> day of October 2008