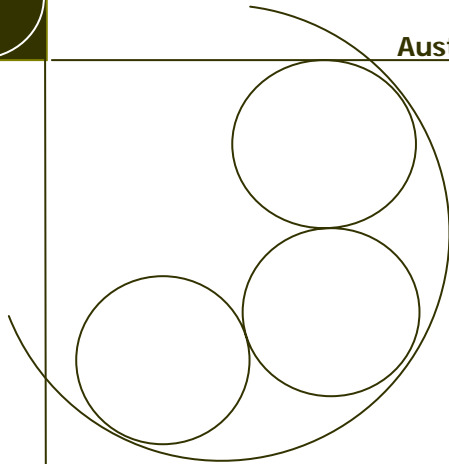




Australian Procurement and Construction Council Inc



# **ANNUAL REPORT 2003-2004**



## **APCC's Vision**

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



## **APCC's Mission**

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To advise governments and provide leadership to industry on procurement and asset management by:

- adding value to the way governments work with the private sector to deliver services to the community;
- providing a forum for suppliers and government buyers to interchange ideas and knowledge;
- initiating policy developments to promote excellence in procurement and construction; and
- participating in the development and promotion of electronic procurement.



## Australian Procurement and Construction Ministerial Council

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The Australian Procurement and Construction Ministerial Council (APCMC) comprises Ministers with responsibility for construction and procurement policy within the Commonwealth, State and Territory governments.

The first combined meeting of the APCMC was held on 8 August 1997 in Perth.

Ministerial Council membership at 30 June 2004:

The Hon John Della Bosca, MP  
Special Minister of State  
Minister for Commerce  
Minister for Industrial Relations  
Assistant Treasurer  
Minister for the Central Coast  
New South Wales

The Hon John Lenders, MP  
Minister for Finance  
Minister for Industrial Relations  
Victoria

The Hon Mary Delahunty, MP  
Minister for Planning  
Minister for the Arts  
Minister for Women's Affairs  
Victoria

The Hon Robert Schwarten, MLA  
Minister for Public Works  
Minister for Housing  
Queensland

The Hon Michael Wright, BEd, MP  
Minister for Administrative Services  
Minister for Industrial Relations  
Minister for Recreation, Sport and Racing  
Minister for Gambling  
South Australia

The Hon Eric Ripper, MLC  
Deputy Premier, Treasurer  
Western Australia

The Hon Nick Griffiths, LLB, MLC  
Minister for Housing and Works  
Minister for Racing and Gaming  
Minister for Government Enterprises  
Minister for Land Information  
Western Australia

The Hon Syd Stirling, MLA  
Treasurer  
Minister for Employment, Education and Training  
Minister for Racing, Gaming and Licensing  
Northern Territory



## Australian Procurement and Construction Ministerial Council

(continued...)

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The Hon Peter Slipper, MP  
Parliamentary Secretary to the Minister for Finance and Administration  
Commonwealth

Mr Ted Quinlan, MLA  
Deputy Chief Minister  
Treasurer  
Minister for Economic Development, Business and Tourism  
Minister for Sport, Racing and Gaming  
Minister for Policing and Emergency Services and Corrections  
Australian Capital Territory

The Hon John Tamihere  
Associate Minister of Commerce  
New Zealand

### Member Authorities

Department of Commerce, New South Wales

Building Commission, Victoria

Department of Treasury and Finance, Procurement Branch, Victoria

Department of Public Works, Queensland

Department for Administrative and Information Services, South Australia

Department of Treasury and Finance, Western Australia

Department of Housing and Works, Western Australia

State Supply Commission, Western Australia

Department of Treasury, Northern Territory

Department of Finance and Administration, Australian Government

Department of Treasury, Australian Capital Territory

Ministry of Economic Development, New Zealand



## APCC Council of Chief Executive Officers

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The Council is the peak council of government departments and authorities responsible for procurement and construction policy in the Australian, State and Territory governments.

The APCC Council of Chief Executives met during the 2003/2004 financial year on: 5 November 2003 in Sydney and 30 April 2004 in Melbourne.

Mr Malcolm Grierson (APCC Chair 16 May 2003 - present)  
Director-General  
Department of Public Works, Queensland

Mr Jeff Norton (APCC Secretary/Treasurer 16 May 2003 – present)  
Director, Policy Services  
Building Commission, Victoria

Mr Gary Stokes (APCC Deputy Chair 16 May 2003 – 30 April 2004)  
Chief Executive Officer  
State Supply Commission, Western Australia

Ms Kate McKenzie (April 2003 – present)  
Director-General  
Department of Commerce, New South Wales

Ms Jenny Melican (Resigned 3 March 2004)  
Director Procurement  
Department of Treasury and Finance, Victoria

Mr John Peachey (March 2004 – present)  
A/g Director Procurement  
Department of Treasury and Finance, Victoria

Mr Graham Foreman (Retired 8 August 2003)  
Chief Executive  
Department for Administrative and Information Services, South Australia

Mr Paul Case (August 2003 – present)  
Chief Executive  
Department for Administrative and Information Services, South Australia

Mr Ian Johnston (Retired 30 June 2004)  
Executive Director, Commercial Operations  
Department of Housing and Works, Western Australia

Mr Colin Murphy  
Executive Director, Finance  
Department of Treasury and Finance, Western Australia

Mr Phill Turner (May 2004 – present)  
Acting Chief Executive Officer  
State Supply Commission, Western Australia

Ms Jennifer Prince (12 May 2003 - present)  
Under Treasurer  
Northern Territory Treasury

Mr Mike Loudon  
Assistant Secretary, Procurement Policy Branch  
Department of Finance and Administration, Commonwealth



## APCC Council of Chief Executive Officers (continued...)

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Ms Tu Pham (Resigned 8 April 2004)  
Deputy Under Treasurer  
Department of Treasury, Australian Capital Territory

Mr Andrew Weeks (April 2004 – present)  
Chief Executive Officer  
Department of Treasury, Australian Capital Territory

Ms Retha du Randt  
Manager, International, Technical and Regulatory Co-ordination,  
Regulatory and Competition Policy Branch  
*Ministry of Economic Development, New Zealand*



## Chair's Report

One of the Australian Procurement and Construction Council's (APCC) many roles is to maintain effective knowledge networks across member jurisdictions. These networks continue to position APCC jurisdictions as leaders in the development of procurement strategies and best practice business and procurement solutions. Through the continued support of its members, the APCC remains as the national leader in procurement thinking. I thank APCC members for their ongoing enthusiasm and interest in the APCC thus ensuring value-add and service delivery excellence to the community.

The APCC enhanced its governance model to focus on streamlining initiatives which better reflect priority issues for member governments. To maximize the effective use of agency resources, a more compact and centered Leadership Group was formed. The APCC Leadership Group's brief is to drive the APCC's work program and deliver important priority outcomes as determined by Council.

The APCC co-hosted the 2003 National Procurement Forum *The Future of Procurement – Leading the Way* in November in Sydney with the NSW Department of Commerce. Well-known ABC journalist, Geraldine Doogue led an interesting cast of speakers and the Forum was well attended. The theme of the Forum, 'Future of Procurement – Leading the Way' was chosen to highlight the growing need for direction in the fast-moving world of supply chain management, asset management, property and construction, and procurement of goods and services. The Forum analysed the changes that influence these sectors and how they affect businesses and stakeholders within the industry.

During 2003/2004 the APCC had several consultation sessions with professional bodies to produce and deliver the APCC *Professional Indemnity Insurance Guidelines in the Building and Construction Industry* (the PII Guidelines). The PII Guidelines were launched in June 2004 to receptive industry and government agencies alike. Work will continue on additional issues such as the limitation of liability.

The APCC's supportive role during the negotiation process of the procurement chapter of the Australia-United States Free Trade Agreement continued throughout the year. The Agreement was signed off by Australian and the United States on 18 May 2004 and awaits passage through both the United States' and Australian legislative processes.

The Year of the Built Environment 2004 (YoBE) has provided a strong framework to highlight the importance of and achievements made through government construction. APCC jurisdictional members have taken the opportunity to draw attention to their achievements in areas relating to heritage, construction and housing through their many YoBE activities.

Finally, my thanks to the continued enthusiasm and dedication of my APCC colleagues who make up Council, APCC working groups and the APCC Executive Director and Secretariat staff in delivering on its significant workplan.

Mal Grierson  
Chair



## Executive Director's Report

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The APCC continually seeks to maintain its strategic leadership focus in providing and developing foresight for the future of public policy for construction and procurement in Australia. With a renewed operational charge the introduction of an updated governance model the APCC will continue to deliver on priority issues for members.

The APCC Leadership Group (the Group) has been formed with a clear brief to work with the Secretariat to deliver on agreed priority outcomes. Action Teams within the Group will aid in driving the work program between Council meetings and administer priorities.

Work commenced early in the year to identify procurement priorities with the convening of the APCC New Procurement Strategies Workshop (Workshop). The Workshop identified and determined specific objectives required to develop productive and professional procurement processes. The outputs from the Workshop have been encompassed within the APCC Strategic Outcomes Plan 2004 – 2007. Agreed strategic outcomes are well underway.

Through its continued linkages and consultation with professional bodies, the APCC developed its *Professional Indemnity Insurance Guidelines in the Building and Construction Industry* (the PII Guidelines). The PII Guidelines were launched in June and have been positively received by both government agencies and professionals. The APCC has recognised that there is an opportunity for the APCC to work on other insurance matters associated with procurement policy.

The APCC agreed to progress the adoption of a common approach to measuring environmental performance in buildings owned or occupied by governments.

The Productivity Commission commenced its Reform of Building Regulation Study early in 2004 and it proposes to cover most matters relating to the regulation of the building and construction industry including achievements to date. It will also determine potential further reform. APCC member jurisdictions contributed submissions to the Commission's Study. The final report is expected to be finalised in late 2004.

The APCC has continued to expand its capabilities with knowledge exchange by upgrading and adopting technology to encourage members to comment, contribute and share intelligence online on work plan priorities.

Two APCC newsletters were introduced during the year to provide members with information on current issues and alerting readers to various seminars and activities nationally and internationally. *What Works* is tailored towards construction related issues and *Buy the Way* is geared to procurement topics. Both newsletters are being well received and accessible through the APCC website.

I acknowledge and thank all members and my Secretariat colleagues for their continued commitment and dedication to the APCC. Without your support, the APCC would not be able to accomplish its substantive achievements.

Jane Montgomery-Hribar  
Executive Director



## Year in Brief

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- The APCC undertook consultative and collaborative work with professional bodies to develop a nationally consistent approach to Professional Indemnity requirements in government construction contracts. The result of this collaboration was the release of *APCC Professional Indemnity Insurance Guidelines in the Building and Construction Industry*.
- Further cooperation with industry resulted in the finalisation of the joint project with the Australian Construction Industry Forum (ACIF) with the publication of the *Improving Project Documentation – a guide to improve current practice*.
- The APCC co-hosted the National Procurement Forum 2003 with the NSW Department of Commerce in Sydney in November 2003. The Forum provided a unique opportunity for the 305 delegates to hear diverse presentations on the future of procurement.
- Recognising the need to strengthen the relationships between governments and other stakeholders, the APCC convened the successful APCC Client Relationship Workshop in partnership with the Victorian Department of Treasury and Finance in August 2003. The Workshop provided the opportunity for attendees to exchange information and identify good CRM initiatives and practices.
- The APCC held the New Procurement Strategies Workshop in Melbourne in February 2004. The APCC Strategic Procurement Outcomes Plan 2004 – 2007 was developed during the two-day workshop. The Plan will encourage a more productive and professional procurement process in Australia. Work on the Plan is ongoing and incorporates members' comments.
- The APCC launched two newsletters which are published electronically for members. *What Works* is dedicated to construction issues and *Buy the Way* is a publication relating to procurement topics.
- Continued involvement by the International Procurement Consultative Group to influence the direction and outcomes of government procurement within international trade developments particularly those emanating from the Australia-United States Free Trade Agreement.
- Constant updating of the APCC Website to enhance its capability and optimise information exchange including the introduction of SharePoint to better facilitate electronic interchange between APCC working groups.
- APCC committees continue to share information and monitor important issues such as Professional Indemnity Insurance, Access to Premises Standard, Environmental Rating tools, Standard form of Contracts and Procurement Skilling and Accreditation.
- Ongoing representation by APCC members on Standards Australia committees and cooperation with other fora and Ministerial Councils.
- Completion of the Review of the Australia and New Zealand Government Procurement Agreement (ANZGPA).
- Continued publication of the *Forecasts of Construction Industry Activity* which is consistently the most accessed document on the APCC website.

### APCC Directions

#### *Directions 2002-2007*

##### **Leadership**

- ❖ *Champion the role of strategic procurement and asset management in improving service delivery and ecologically sustainable development outcomes for governments and the community.*
- ❖ *Drive a reform agenda that continues to position the APCC jurisdictions as leaders in the development of strategies and requirements for future business and procurement solutions.*
- ❖ *Facilitate understanding in the public and private sectors of strategic procurement as a business enabler and tool for delivering enhanced service responsiveness.*
- ❖ *Provide a contemporary governance framework through which jurisdictions can make procurement a more effective tool of government.*

### Strategic Achievements 2003-2004

- **National Conference/Forum 2003**  
As a leader in strategic government procurement and service delivery the APCC jointly hosted with the NSW Government Procurement Council the National Procurement Forum on 6 and 7 November 2003. The theme of the Forum was *Future of Procurement – Leading the Way*. The Forum highlighted the growing need for direction in the evolving world of supply chain management, asset management, property and construction and procurement of goods and services. The Forum was well attended by APCC members and the event received positive feedback.
- **Environmental Rating Tools**  
The APCC has responded to governments growing consideration of ecologically sustainable development outcomes. The APCC is committed to developing a common approach to environmental performance measurement which will provide certainty to industry and consistency for purposes of establishing performance indicators, associated benchmarks and subsequently comparing improvement in performance. The APCC is seeking to provide a common best practice approach across jurisdictions through the endorsement of a range of green rating tools.
- **2004 the Year of the Built Environment**  
This initiative provided a strong framework to highlight the importance of and achievements made through government built environment activities. APCC members have been supporting and participating in this event.
- **APCC Strategic Procurement Outcomes Plan 2004-2007**  
The challenge for APCC members is to develop procurement solutions that meet community and industry expectations. As identified during the APCC New Procurement Strategies Workshop increasingly strategic procurement is at the core of delivering significant savings for governments. The Strategic Procurement Outcomes Plan clearly identifies four defined areas, objectives and priorities. These four areas are:
  - New Tendering Models**  
Fostering more streamlined procurement and identification of classes or procurement that will benefit from Standard Contracts.
  - Better Business Solutions**  
Sharing strategies on E-procurement tools and technology.
  - Common Procurement Markets**  
Sharing market knowledge and procurement strategies.
  - Procurement Skills**  
Sharing approaches to skilling of procurement officers and pursue approaches for formal accreditation.

### **Innovation**

- ❖ *Identify emerging business models for government service delivery and evaluate their application to an environment of rapid change.*
- ❖ *Recognise and encourage innovation by identifying a portfolio of initiatives that demonstrate new and dynamic responses to changing needs.*
- ❖ *Encourage key service providers to adopt best practice business and procurement solutions.*
- ❖ *Promote the take-up of electronic systems.*

### **Collaboration**

- ❖ *Tap the specialist skills of the APCC collective to articulate and implement new and evolving procurement practices in ways that will deliver service benefits to the Australian community.*
- ❖ *Strengthen relationships with government partners and other stakeholders to promote a consistent and co-ordinated national approach to government procurement.*
- ❖ *Consult with key stakeholders on emerging issues.*

### **Strategic Advice**

- ❖ *Maximise the APCC's interface with industry to articulate best service delivery outcomes for government by service providers.*
- ❖ *Provide strategic advice to government on business and procurement solutions.*

- **APCC New Procurement Strategies Workshop 2003**

The APCC held the New Procurement Strategies Workshop (Workshop) during February 2004. The Workshop identified common issues where a collaborative approach would assist in the development and introduction of improved strategies and tendering models for the procurement of goods, services and building works in government. An output of the Workshop was the Strategic Procurement Outcomes Plan 2004-2007 which guides the development of a more productive and professional procurement in Australia. (see also APCC Strategic Procurement Outcomes Plan 2004-2007 above)

- **Professional Indemnity Insurance (PII) in Construction**

The procurement environment within which APCC agencies operate is one of rapid change. The APCC in collaboration with professional bodies has worked towards a nationally consistent approach to PII requirements in government construction contracts. The APCC launched its *Professional Indemnity Insurance Guidelines in the Building and Construction Industry* in June 2004. The APCC will continue its work to increase the awareness and consequences of jurisdictions implementing extreme risk management initiatives and explore other issues such as limiting liability.

- **Client Relationship Management (CRM) Practitioners' Workshop**

The strengthening of relationships between governments and other stakeholders continues to be a focus of the APCC. During August 2003 the APCC in partnership with the Victorian Department of Treasury and Finance held a workshop which provided a forum for CRM practitioners to exchange information, identify good practice and strengthen networks with their colleagues.

- **International Procurement**

The APCC continues to monitor developments and effects on government procurement of Free Trade Agreements (FTAs). The APCC International Procurement Consultative Group (IPCG) played an active role in ensuring that respective jurisdictional views and concerns were brought to the attention of the Australia-United States Free Trade Agreement (AUSFTA) negotiation team in respect to government procurement.

## APCC WORK PROGRAM

### **Knowledge Capital**

- ❖ *Ensure that the APCC continues as the national leader in procurement thinking.*
- ❖ *Optimise knowledge exchange across the APCC by establishing online information resources on best business and procurement practices.*
- ❖ *Maintain effective knowledge networks and relationships within government and industry.*
- ❖ *Develop methodologies to scope future market and business models and formulate responses.*

### **Commitment**

- ❖ *Establish a resource and accountability model for jurisdictions to support the APCC work program.*
- ❖ *Share and transfer the aggregated knowledge base within the APCC membership.*
- ❖ *Quantify the knowledge capital requirements for now and the future.*

- **Joint ACIF/APCC Project – Improved Project Documentation**

As part of APCC's role to interface with industry work concluded on the development of principles and protocols to improve practices of both the client and consultant in relation to project documentation. The *Improving Project Documentation – a guide to improve current practice* document was released in November 2003.

- **APCC Leadership Group**

The APCC strives to ensure that its governance model delivers a contemporary framework through which member jurisdictions have access to leading edge procurement processes and a network for sharing and exchanging ideas and identifying emerging business solutions. During 2004 the APCC enhanced its governance platform through the formation of the APCC Leadership Group (Group). The Group's brief is to facilitate the management of Council's work program and to develop nationally consistent policies which will enhance jurisdictional outcomes across both construction and procurement streams.

- **APCC SharePoint Forum**

The APCC Secretariat continues to utilise a new component of its website called SharePoint for the benefit of all members. SharePoint is a team website solution that is designed to aid and improve the way APCC working groups and action teams manage information and activities. SharePoint is a tool for sharing information, collaborating on documents, pooling resources and collecting team knowledge over the Internet.



## APCC Publications

The following APCC publications can be accessed, downloaded or ordered from the APCC Website [www.apcc.gov.au](http://www.apcc.gov.au).

### **Construction**

#### Asset management

- Asset Management
- Total Asset management
- Predicting Housing Maintenance Costs
- Predicting School Maintenance Costs

#### Pre-Qualification

- National Prequalification Criteria Framework

#### Security of Payment

- Improving Security of Payment in the Building and Construction Industry
- National Action on Security of Payment in the Construction Industry

#### Contracts

- General Conditions for Engagement of Consultants
- NPWC Edition 3 – General Conditions of Contract
- Procurement and Construction Council Standard Elements and Sub Elements

#### Public Private Partnerships (PPPs)

- Key Issues in Procurement through Public Private Partnerships Discussion Paper 2002
- Infrastructure through Private Resourcing

#### General

- APCC Professional Indemnity Insurance Guidelines in the Building and Construction Industry 2004
- Improving Project Documentation – A guide to Improve Current Practice 2003
- Client Skills: Skills required by Government as the Construction Industry Client
- Perceptions of the Construction Industry in Australia CEO Survey – 2002
- Perceptions of the Construction Industry in Australia CEO Survey – 2001
- APCC Principles for Consultant Selection
- Principles for Encouraging Best Practice Performance
- National Code of Practice for the Construction Industry
- No Dispute. Strategies for Improvement in the Australian Building and Construction Industry
- Guidelines for Cost Planning Consultants
- Life Cycle Costing
- National Code of Practice for the Construction Industry Towards Best Practice Guidelines
- Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry

### **Information Technology in the Construction Industry**

- Directions for IT in the Construction Industry

### **Forecasts of Construction Industry Activity**

- Forecasts of Construction Industry Activity: September 1998, March 1999, April 2000, December 2000, June 2001, January 2002, July 2002, February 2003, August 2003 and April 2004.

### **Procurement Initiatives**

#### Procurement Reform

- National Procurement Reform Principles 2003

#### Small and Medium Enterprises (SMEs)

- Delivering Opportunities for Small and Medium Enterprises in Government Procurement and Contracting
- National Action on Small to Medium Enterprises in Government Procurement

#### International Procurement

- Australia New Zealand Government Procurement Agreement (ANZGPA)

#### E-commerce for Government Procurement

- Government Framework for National Cooperation on Electronic Procurement
- Framework for National Cooperation on Electronic Commerce in Government Procurement

### **Government Real Estate**

- National Office Accommodation Benchmarking 2001
- National Office Accommodation Benchmarking 2000
- National Office Accommodation Benchmarking 1999

### **General Publications**

- APCC Strategic Charter: Directions 2002-2007



## About the APCC

The **Australian Procurement and Construction Council Inc** (APCC) is the peak council of departments responsible for procurement and construction policy for the Australian, State and Territory governments. New Zealand is an associate member. Council reports to the Australian Procurement and Construction Ministerial Council (APCMC), comprising Ministers with responsibility for procurement and construction policy.

Founded in 1967, the Council adds value and promotes excellence in the way government delivers services to the community. It provides leadership to industry on procurement and asset management and is the national reference on policy advice, principles and best practice initiatives.

The Council has positioned itself as leaders in procurement thinking through its ability to address opportunities and challenges confronting government procurement from a strategic approach.

The Council develops nationally consistent approaches to broader procurement policies, processes and practices. By cooperating at a national level benefits flow to government, industry and the community through efficiency gains leading to the reduction of costs to the national economy.

The APCC secretariat is located in Canberra and is managed by a small but dedicated team.

The Australian Procurement and Construction Council Incorporated, is an association incorporated under the *Associations Incorporation Act 1991* (ACT). Its office suite is located at Unit 6, First Floor, James Darling House, 42 Geils Court, Deakin, Canberra, ACT.

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