

Procurement strategy

The procurement strategy framework outlines the framework for a procurement strategy:

	Section 1 – major matters for consideration	Section 2 –output documents
Part 1 – Procurement governance, objectives and targets	1.1 Organisational objectives 1.2 Procurement targets 1.3 Alignment to organisational objectives 1.4 Governance framework for procurement	
Part 2 – Procurement planning	2.1 Analysis of procurement spend 2.2 Supplier analysis 2.3 Category management 2.4 Contract management 2.5 Forecast benefits	Procurement activity plan Supplier engagement plan Contract management planning strategy
Part 3 – Procurement analysis	3.1 Strategic situation analysis. 3.2 Risk analysis 3.3 Capability development initiatives 3.4 Policy, procedures, processes, and systems initiatives 3.5 Planned budget allocation	Capability development plan
Part 4 – Procurement implementation	4.1 Performance management and monitoring	

Procurement strategy

Approvals

This procurement strategy has been reviewed and approved by the accountable officer identified in the table below:

Name	Title	Signature	Date of Approval
Stuart Moseley	CEO		27/06/2022

Comments:

Endorsement

This procurement strategy has been endorsed by the following:

Name	Title	Business unit
Ed Small	CFO & CPO	People and Performance
Matthew Thornley	Governance and Corporate Information Manager	People and Performance

Prepared by

This procurement strategy was prepared by:

Name	Title	Business Unit
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Victorian Planning Authority
Procurement strategy
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Part 1: Governance, objectives and targets

1.1 Organisational procurement objectives

The VPA Procurement Policy and Procedures clearly define that the purchasing of goods and services be made on the following principles:

- value for money
- objectivity and impartiality
- open and fair competition
- accountability
- risk management
- probity and transparency
- scalability
- minimising negative environmental impacts from purchases
- maximising social and community benefits
- maximising sustainability outcomes
- ethical purchasing

Purpose

The VPA objectives below set the direction and drive the planning process. They are medium term procurement goals towards which the VPA strives. The VPA will measure progress against these procurement objectives.

Organisational objectives

No.	Objective
1	Drive better value outcomes through our procurement by collaborating and inviting learning opportunities from contracts across the VPA.
2	Using our procurement activity plan. Assign relationship managers for key suppliers/consultants. A key contact point will allow us strengthen the priority area of nurturing our collaboration and networks with our stakeholders and partners.
3	Encourage and build upon the use of our internal technical specialists in the drawing up of an RFQ as well as the review of contracts.
4	The procurement function is sufficiently devolved. Managers are responsible for their project procurement. The finance team is responsible for the overarching procurement governance as well as business partnering function.
5	Managers are responsible for the procurement of services for their project. Including preparation of the RFQ and seeking out assistance from the finance team. The VPA is keeping any breaches of procurement rules to a minimum. The VPA is transparent with procurement related information and encourages open and fair competition.
6	Managers are responsible for the preparation and review of an RFQ and obtaining value for money for the VPA. Managers are also responsible for contract management (through utilising available tools such as dashboards).

1.2 Procurement targets

The VPA develops targets or key performance indicators (KPIs) for our procurement objectives. Targets may be value based, time based, qualitative or quantitative, or outcome or output focused. Defining high level procurement targets is at the discretion of the organisation.

Targets

Targets define the performance expectations for your procurement function.

Key organisational procurement targets

No.	Procurement target	Target
1	Complete VPA Panel Refresh by Quarter One 2023.	Jan-March 2023
2	% of non-grant expenditure procured through a panel	80%
3	% over \$30K getting multiple quotes	80%
4	Embed an e-procurement as part of VPA practice.	June 2023
5	Comply with VGPB Guidelines	June 2022

1.3 Alignment to organisational objectives

The [VPAs strategic plan](#) sets the organisations values, strategic pillars and strategic objectives.

Per the VPAs strategic plan 2021-24 the VPAs organisational values are:

- Partnership
- Leadership
- Professionalism
- Responsiveness
- Inclusion

Our strategic pillars are:

- Urban growth planner
- Trusted problem solver
- Expert advisor
- Talent builder
- Agile innovator

Our purpose is that the VPA creates prosperous, liveable and sustainable urban communities across a growing Victoria

- Density done well
- Suburban and regional jobs
- Better aligning development and infrastructure
- Growing regional cities and towns

VPA Strategic Plan 2021-2024



Per above the VPA pillars are linked to priorities, values and outcomes.

Where priorities relate to procurement we have included them below and linked to a procurement objective in the table below:

Organisational pillars, values and priorities linked to procurement objectives			
VPA Pillar	VPA Value	VPA Priority	VPA Procurement Objective
Pillar 1 – Urban Growth Planner	Partnership	<ul style="list-style-type: none"> Deepen the impact of our plans to secure better outcomes and add value to government projects. 	Procurement objective 1: Drive better value outcomes through our procurement by collaborating and inviting learning opportunities from contracts across the VPA.
Pillar 2 – Trusted Problem Solver	Leadership	<ul style="list-style-type: none"> Nurture our collaboration and networks with our stakeholders and partners. 	Procurement objective 2: Using our procurement activity plan. Assign relationship managers for key suppliers/consultants. A key contact point will allow us strengthen the priority area of nurturing our collaboration and networks with our stakeholders and partners
Pillar 3 – Expert Advisor	Professionalism	<ul style="list-style-type: none"> Bring delivery-informed evidence to add value to government’s decisions, policies and projects. 	Procurement objective 3: Encourage and build upon the use of our internal technical specialists in the drawing up of an RFQ as well as the review of contracts.
Pillar 4 – Talent Builder	Responsiveness	<ul style="list-style-type: none"> Empower and develop our people to be leaders, partners and team players 	Procurement objective 4: The procurement function is sufficiently devolved. Managers are responsible for their project procurement. The finance team is responsible for the overarching procurement governance as well as business partnering function.
Pillar 5 – Agile Innovator	Inclusion	<ul style="list-style-type: none"> Ensure strong organisational governance, integrity and oversight. Strengthen our financial resilience 	<p>Procurement objective 5: Managers are responsible for the procurement of services for their project. Including preparation of the RFQ and seeking out assistance from the finance team. The VPA is keeping any breaches of procurement rules to a minimum. The VPA is transparent with procurement related information and encourages open and fair competition.</p> <p>Procurement objective 6: Managers are responsible for the preparation and review of an RFQ and obtaining value for money for the VPA. Managers are also responsible for contract management (through utilising available tools such as dashboards).</p>

1.4 Governance framework for procurement

The governance framework is separately defined in our organisation's Procurement Policy and Procedures as well as our Financial Delegations policy.

The VPA has an appropriate governance framework for our procurement operations, which is being continuously improved.

The VPA's procurement function sits within the VPA's finance team. With our CFO maintaining the role of Chief Procurement Officer. The Finance Manager with assistance from the Senior Accountant and Finance Business Partner will manage the procurement governance and business partnering functions (Finance and Procurement) of the VPA.

Our procurement function is decentralised. Project Managers are responsible for procuring services for their project. Including preparation of an RFQ, obtaining quotes, assessment of responses, selection of a supplier, contract management and overseeing supplier performance. The Finance team is responsible for the business partnering side of this function.

The division project support officers are responsible for raising the purchase order in the system once a supplier has been selected for the procurement. Review of procurement will occur in the system from a procurement and financial perspective prior to the purchase order being released. Work is not to take place prior to this review. The finance team is responsible for procurement governance.

There are tools to review purchase order history by division, project, activity, and supplier. However, from an overarching perspective a procurement capability improvement would be to find a mechanism to review contractor performance on projects (**Procurement capability improvement 1**). So this could be taken into account when selecting future suppliers in a procurement process.

Part 2: Procurement planning

2.1 Procurement activity plan

This procurement activity plan outlines the VPA's anticipated procurement activity over the 24 months. It provides the VPA and potential suppliers with an overview of what you are planning to buy at the category level.

The procurement activity plan is a live document and will be regularly updated to reflect the VPA's procurement requirements. This procurement activity plan is a core component of our overall procurement strategy.

The procurement activity plan provides headline information to align funding, resources and capability with planned procurement activity. It helps prioritise the release of procurement activity to take advantage of market conditions.

For the market, a summary procurement activity plan lets businesses know about potential procurement opportunities. Early awareness of future procurement requirements is particularly important for small to medium size enterprises (SMEs). It enables them to carry out background research to better understand procurement requirements and to network with other SMEs to address capability gaps.

The plan aligns with existing roll-out of procurement activity and include procurements still at the planning stage where no market commitments have been made.

The degree of detail in the plan reflects the level of information required by our CEO and Senior Executive Team to deliver the VPA's procurement strategy. The chief procurement officer will oversee an annual review of the procurement activity plan.

Incorporated below is a table by activity. Activity is the component account code that splits out the type of category that it is. The table reflects planned activity based on budget expenditure and not budget procurement. There are a couple of procurements (such as our IT contract and rent) that go for terms much longer than the period in the table below, these have been discussed separately below the table.

Budgeted Expenditure review

Activity	Procurement panel category	Number of Projects	2022-23 Budget	2023-24 Budget	Total
Aboriginal Cultural Heritage	Heritage Planning	13	616,240	93,232	709,472
Administrative Expenses	Various	15	779,284	546,820	1,326,104
Biodiversity	Environmental Planning	9	329,400	73,500	402,900
Bushfire Assessment	Environmental Planning	16	195,885	75,000	270,885
CMP	Heritage Planning	1	17,958	-	17,958
Co-Design Workshops	Design	14	478,025	167,500	645,525
Community Engagement	Marketing Services Register	4	106,250	10,000	116,250
Contamination	Environmental Planning	13	538,800	12,800	551,600
Drainage	Engineering and Infrastructure costing	17	546,360	184,100	730,460
Economic	Urban Economics	15	338,284	71,784	410,068
Engineering	Engineering and Infrastructure costing	11	310,000	140,000	450,000
Environmental	Environmental Planning	11	380,970	109,400	490,370
Exhibition	Marketing Services Register	14	22,400	127,300	149,700
Infrastructure Costings	Engineering and Infrastructure costing	18	685,680	1,866,720	2,552,400
Land Scope	Design + Engineering and Infrastructure costing	12	452,500	92,900	545,400
Legal	Legal Services	16	314,600	813,000	1,127,600
Other	Below categories are sub-totals of the – Other field	33	3,017,440	3,899,728	6,917,168
Consultants	Various panel categories may be used for other category.		1,893,093	2,355,224	4,248,317
IT Subscription Fees	Various IT subscriptions are utilised in a competitive RFQ process.		431,149	641,374	1,072,523
IT Contractor Services	IT Services Contract refresh to occur in Nov 2022 through Buying for Victoria.		382,064	485,100	867,164
Minor Hardware Purchase	Various minor hardware purchases are to be made in a competitive RFQ process.		95,000	104,500	199,500
Software Consulting Fees	Various software consultants are to be appointed in a competitive RFQ process.		79,000	180,000	259,000
Other	Minor administrative and other purchases.		137,134	133,530	270,664
Panel	Legal Services/Planning Fees	24	1,981,531	2,873,391	4,854,922
Consultants	Various panel categories can represent the VPA at panel. VPA have changed our procurement practice to ensure we plan for representation at panel in our initial procurements of consultants.		584,666	1,041,356	1,626,022
Legal Expenses	Legal services panel.		808,625	695,000	1,503,625
Panel Expenses	Panel expenses get charged by Planning Panels Victoria and don't require procurement.		588,240	1,137,035	1,725,275
PC Heritage	Heritage Planning	9	196,598	-	196,598
Peer Review	Community Infrastructure / Design / Strategic Land Use Planning	6	136,080	57,600	193,680

Social Planning	Community Infrastructure / Strategic Land Use Planning	8	277,200	95,200	372,400
Sodic Soils Assessment	Environmental Planning	10	346,400	199,300	545,700
Staffing Costs	Staffing Services Panel	5	396,481	294,000	690,481
Transport	Transport	19	794,000	329,600	1,123,600
Urban Design	Design	9	309,524	-	309,524
Valuation	Strategic Land Use Planning / Urban Economics	15	190,000	279,000	469,000
Grand Total			13,757,890	12,411,875	26,169,765

As the VPA does every year we will review types of expenditure broken down by project to identify opportunities for projects to complete joined up procurements whereby we have multiple projects completing the same technical report where we can get one supplier to do it. The use of economies of scale to get a comparatively cheaper fee per project across a number of projects has been successful on our projects in South-East Melbourne Greenfields.

Significant procurement activities

Month and Year	What	Procurement through	Comments
Nov 2022	IT Services Contract	Public tender through Buying For Victoria	Per above procurement activity table our IT contractor services is worth \$867K over two years and is signed over a 5-year term. This procurement for the 5-year term is due to take place in November 2022 and will be a significant procurement for the VPA.
Jan 2023	Refresh the following VPA Panel categories: <ul style="list-style-type: none"> Design Transport 	Public tender through Buying For Victoria	The VPAs panel refreshes represent significant procurement activity for the VPA. They take a team of experts across the VPA to analyse and review suppliers to be selected onto the panel.
Feb 2025	Renewal or new procurement of VPA office accommodation rent	Internal procurement process	Renewal of our office accommodation fit out may include either renewing at our current premises or finding new offices for the VPA. This could be valued at between \$5M and \$10M depending on the lease term.
2022-23 and 2023-24	Individual procurements at the project level	RFQ through VPA Panel	As per the budgeted expenditure table under each sub-category there are many individual project procurements. These projects are core business for the project managers of each team to manage, through the use of the VPA Panel's which are set up.

2.2 Supplier analysis

A high-level overview of the VPAs suppliers to determine and 'segment out' those that are strategically important to your organisation and/or that account for a significant proportion of the overall spend. The VPA has also identified top suppliers by category and not just by spend, to ensure critical suppliers are not missed.

Purpose

To align resources and effort with the main vendors to reduce the cost of servicing and better manage risks.

The supplier engagement plan has been used to support the supplier analysis overview. The plan articulates the communication process with suppliers and will ensure relationships are held at the right levels of the VPA, reduce process duplication, maximise economies of scale, and drive performance improvement with suppliers.

We have reviewed all of our spend data for the current financial year and identified five significant suppliers. As this is a public document, we have not included the names of the individual relationship managers or suppliers.

Description	2021-22 Amount \$
Grant Program	\$3.2M
Rent	\$1.3M
Legal	\$0.8M
IT Contractor	\$0.6M
Planning Panel Fees	\$0.6M

From the analysis below we can see there is a number of significant suppliers from an organisational perspective. The VPA are to assign a key point of contact/relationship manager for our top 5 suppliers (**Procurement Capability Improvement Initiative Number 2**).

As the capability of the VPA matures, more formal supplier segmentation practices may develop (e.g. formal allocation of suppliers to segments or 'tiers' and development of prescriptive business rules guiding types of interaction with those suppliers based on their respective segment or tier). Understanding where the major suppliers are will naturally fall out of the spend analysis phase.

Supplier Engagement Plan (SEP)

This SEP documents the processes, systems and communication approaches put in place to ensure the highest levels of trust and accountability in all dealings with suppliers. It encompasses keeping the market informed about supply opportunities, managing supplier relationships during the procurement process, and managing complaints and debriefs. Providing timely, accurate and relevant information to the market is central to maintaining a positive view of government and supporting supplier participation in the government marketplace.

The SEP is required by the VGPB as part of the assessment to transition to the proposed procurement framework. Supplier engagement is an ongoing function of the organisation subject to regular evaluation and review. It assists in managing the VPAs communications in a coordinated and collaborative manner.

Every staff member is responsible for building and maintaining good relationships with suppliers. This applies primarily to procurement staff, project managers and contract managers, but also includes employees who make occasional purchases. It is important that suppliers hear the same message and receive the same fair treatment from every level of the VPA.

Supplier engagement is an ongoing function of an organisation subject to regular evaluation and review. It is important to define supplier engagement objectives so that you can measure the success of your activities afterwards.

The minimum objectives of a SEP are to:

- improve transparency of procurement-related information;
- detail the actions, processes and activities to map engagement with the supplier market;
- make information on your procurement processes and key activities easily accessible to suppliers;
- encourage participation of small and medium enterprises (SMEs) and not for profit (NFP) organisations in government procurement;
- facilitate feedback from the supply market (including specific segments such as SMEs) regarding barriers (actual or perceived) to participate in government procurement;
- adopt new ways to engage with suppliers, for example, procedures for encouraging/managing innovation and market-based solutions;
- inform your existing suppliers about the intent and opportunities of the procurement reform; and

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- provide consistent messaging to the supplier market.

The VPAs supplier engagement plan (SEP) includes the following stages:

Stage 1: Develop and document your supplier engagement processes and systems;

Stage 2: Implement processes and systems; and

Stage 3: Communicate processes and systems with suppliers.

These three stages include the following actions:

- Strategic market sector scanning
- Informing the market about supply opportunities
- Keeping suppliers informed during all stages of the tender process
- Managing relationships during the life of the contract
- Managing post-tender debriefs and complaints

Stage 1: Develop and document your supplier engagement processes and systems;

The first step of this plan seeks to understand the current approach to supplier engagement at the VPA and to identify gaps and opportunities for improvement.

The following table outlines some key considerations for developing the processes and systems to support the VPAs supplier engagement activities:

Considerations	Details	VPA Commitment
How will the market be informed of forward supply opportunities?	<p><i>What scope of information will the organisation provide?</i> <i>In what format will the information be provided?</i> <i>Where will the information be located?</i> <i>How can suppliers access the information?</i> <i>What will the information review/refresh period be?</i></p> <p>The procurement activity plan within this procurement strategy document will be published on the VPA website and updated annually.</p> <p><i>Does the organisation maintain supplier lists or procedures to allow suppliers to register in advance for opportunities of interest? How would a supplier find out about these?</i></p> <p>The VPA submits tenders/RFQs to the market in accordance with VPAs Procurement Policy and Procedures.</p> <p>The VPA uses various panels (refer category management for details) and invites those on a VPA panel to apply for work, and in limited cases invites off panel providers to quote for work. Opportunities are notified to suppliers at the time of the relevant procurement by the project manager of the procurement.</p>	<p>Publish procurement activity plan online</p> <p>Include description of VPA Planning Panels and Refresh date of each of the panels online.</p>

How will the market be informed of actual supply opportunities?	<p>What processes does the organisation adopt in seeking quotes? How will the organisation inform the market of tender opportunities? How will organisations inform the market of the procedures and process related to a particular opportunity?</p> <p>The VPA approaches the market with tenders/RFQs to the market in accordance with VPAs Procurement Policy and Procedures. This document will be published on the VPA website.</p> <p>How easy is it for SMEs and NFPs to get involved? The VPA supports Business Victoria programs and activities and has incorporated elements of the Buying for Victoria SME access plan as part of this procurement strategy.</p>	<p>Publish procurement policy and procedure on the VPA website. Support Business Victoria programs and activities</p>
Where to go for other business support advice	<p>VPA Website</p> <p>Buying for Victoria</p> <p>Business Victoria</p> <p>Tenders VIC</p>	<p>Ensure suppliers are aware of procurement information by providing links on the VPA website</p>
How will the relationship with suppliers be managed during the procurement process?	<p>How does the organisation manage bids (including unsolicited and innovative bids)/Intellectual Property/confidentiality/ evaluation/etc.? The VPA manages submissions in accordance with VPAs procurement policy and procedures</p> <p>Under what conditions would the organisation implement project briefings for suppliers? A briefing for prospective tenderers may be held to provide clarification or further detail about the tender requirements, particularly if they are complex. A record of all attendees and the proceedings must be maintained.</p> <p>How does a supplier become 'prequalified' for certain panel arrangements? The VPA uses various panels (refer category management for details) and invites those on a VPA panel to apply for work, and in limited cases invites off panel providers to quote for work.</p> <p>How will the contract be monitored and managed? The VPA manages contracts in accordance with the VPAs procurement policy and procedures. Refer to the Contract Management Planning Strategy (section 2.3) in this document.</p>	<p>This procurement strategy, which incorporates the VPAs supplier engagement plan will be published on our website alongside the VPAs procurement policy and procedures.</p>
How will the market be informed about management of complaints and debriefs?	<p>Where to find the complaint management process? What are the conditions for lodging a complaint? The complaints management process is detailed in the VPAs procurement policy and procedures.</p> <p>Why does the organisation consider debriefs valuable for it and the supplier? How will debriefs be managed? When will the briefing take place in the process? The VPA considers debriefs to be valuable for it and the supplier. An unsuccessful tenderer may request a debriefing session at which only qualitative data, such as how the unsuccessful tender compared to other tenders, should be provided. Debriefs are managed in</p>	<p>Publish VPAs procurement policy and procedures online which incorporates complaints management process and debrief information online</p>

	accordance with VPAs procurement policy and procedures	
How will your organisation, subcontractors and staff learn about the Supplier Code of Conduct (the Code)	<p><i>What is the most effective way to implement the requirements of the Code?</i></p> <p>The supplier code of conduct is included here: https://www.buyingfor.vic.gov.au/supplier-code-conduct</p> <p>The VPA has got panel suppliers to sign a Code of Conduct commitment letter as part of the process of appointing them to the panel. We also include a commitment letter as part of the non-panel RFQ template, so hopefully this is capturing non-panel suppliers as well.</p>	<p>Update all market approach templates and contracts to include the Code and its associated documents.</p> <p>Communicate with all buyers about the Code, the scope of the code and how to apply the Code.</p> <p>Update all organisation policies, procedures and tools to incorporate the Code and its associated documents.</p>
How will staff learn about changes to supplier engagement?	<p><i>What is the most effective way to reach VPA employees that work regularly with suppliers (contract managers, procurement professionals, buyers)?</i></p> <p><i>Should supplier engagement be incorporated into internal procurement training?</i></p> <p>Supplier engagement plan and activities will be incorporated into internal VPA procurement training. Training and business partnering are the most effective way to communicate with staff.</p>	Update procurement information on the VPA Intranet to incorporate supplier engagement information.
How will your organisation implement the SEP?	<p><i>How can supplier communication activities be incorporated into the activities planned as part of the wider implementation of the reform in your organisation?</i></p> <p>Supplier communication activities will be incorporated into the VPA procurement strategy implementation.</p> <p><i>What level of support can corporate communications provide?</i></p> <p>The VPAs internal communication team will support the roll out of this strategy.</p> <p><i>Do you have senior management buy-in?</i></p> <p>This procurement strategy is to be reviewed and endorsed by the VPAs Senior Executive Team.</p>	<p>VPAs internal communications team to be engaged as part of procurement strategy implementation</p> <p>This SEP and procurement strategy will be presented to the Senior Executive Team at the VPA.</p>
How will supplier engagement activities meet the principle of scalability?	<p><i>How will the VPA prioritise time and attention when dealing with suppliers?</i></p> <p>The VPA has always had the time and attention to engage with our suppliers in accordance with the VPAs procurement policy and procedures. The VPA incorporates dealing with suppliers into its internal procurement training.</p>	Ensure VPA project managers are aware of the VPAs supplier engagement strategy.

Stage 2: Implement processes and systems

Implement the processes and systems identified in Stage 1. This is to develop a project plan with assigned roles and responsibilities to ensure actions identified in Stage 1 are actioned.

Stage 3: Communication processes and systems

The VPA through its forecast benefits (Section 2.5) to assign relationship managers for procurement of high value and suppliers with high value procurement. We also have an existing category advisors for our panels that we utilise to ensure our project managers have access to the right internal subject matter experts and our suppliers can also be properly advised at all stages of the procurement process.

Through this procurement strategy suppliers are broken down into categories, panels and size. The VPA has determined this is the appropriate level of detail for the size of the organisation.

2.3 Category management

A panel is made up of a number of suppliers, usually selected through a single procurement process, who each have a contract or deed of standing offer with an agency to supply property or services. Once the panel is established, purchases of property and services can be made directly from panel members without the need for further procurement processes.

The VPA has a preference for generally procuring from appointed panel members.

The panel arrangement between each supplier and the agency must outline:

- the type of property or service the supplier will provide to the agency
- the set/indicative price to be charged by the supplier for the property or service
- the mechanisms in place to ensure social, environmental and sustainability outcomes
- the manner in which the agency will procure the property or service from the supplier

Panels provide a streamlined approach to purchasing in the following ways:

- Panel suppliers can be engaged with relative ease
- Contract terms have been agreed to in advance and contract can be established via a purchase order pro forma
- Purchasing processes are simplified
- Reduced purchasing costs
- Panel suppliers have agreed in advance to maximum rates and fixed maximum rates will be on offer for a set period.
- Increased level of quality assurance
- Companies selected for the panel have demonstrated their commitment to social, environmental and sustainability outcomes and high levels of achievement and expertise in their key service category areas
- Greater efficiency
- Panels contain companies experienced in working with government so that it is easier to brief them and finalise terms of engagement.

At present the VPA uses the services of the following panels:

- VPA Panel
- Legal Services Panel

- Construction Supplier Register (CSR)-Construction and Construction related consultancy
<http://www.transport.vic.gov.au/csr>
- eServices Register –ICT professional services
- Desktop and Notebook Equipment Panel
- Valuation services panel (Valuer-General Victoria)
- Professional Advisory Services Panel – financial and economic advice
- Marketing Services Register
- Staffing Services Panel

Each panel has one or more Category Advisers, who are the designated internal experts on the services covered by their panel category. Category Advisers should be consulted when procuring services from the panel to ensure the RFQ is appropriately worded and targeted to the right suppliers.

VPA PANEL

The VPA maintains a Procurement Panel which covers the following areas of expertise:

1. Strategic and statutory land use planning;
2. Transport
3. Design;
4. Urban economics;
5. Environmental planning;
6. Heritage planning;
7. Community infrastructure; and
8. Engineering and infrastructure costing;

The Panel Members are appointed for an initial period of three years through a publicly advertised nomination process. The Panel Members are appointed after an assessment process.

The use of the VPA Panel should be reviewed annually to ensure it is meeting the VPA's procurement needs. The Panel may be periodically refreshed if it is found that the Panel seems to have gaps in the areas of expertise required by the VPA. Any additional Members will be appointed subject to a selection and assessment process.

2.4 Contract management

The process for VPA panel management is detailed above, each panel member signs a standing offer agreement with the VPA to be on our panel.

After the project team has selected a supplier through a competitive process, the VPA, and after internal review of the procurement, will formally issue a contract letter.

This contract letter states:

- Reminds the supplier of the terms under the panel agreement
- That a purchase order contract has been formed
- The terms and conditions under the contract including the amount, commencement and completion date
- Milestones under the agreement
- Supplier payment and invoice information.

After the contract has been established management of contracts is decentralised to be managed on a project, divisional and organisational level. Tools are available within our accounting system to manage contracts, including reviewing the amount the value remaining on the contract in order to determine how much is remaining on the

purchase order. Project Managers also have access to the original purchase order documentation, including the submission from the supplier. Governance of contract management sits in the corporate services functions of the VPA.

The VPA has been proactive in the contract management space and where possible the VPA has trialled joined up procurements where adjoining PSP projects will combine studies of the same category to gain economies of scale and reduce overall cost per project.

Contract Management Planning Strategy (CMPS)

The CMPS is designed to tell the VPA what resources, systems, processes, tools, reporting and capabilities are needed to manage contracts. It provides a consistent reference template for the Accountable Officer (CEO) and Chief Procurement Officer (CPO) to measure the ability of your organisation to manage its contracts effectively.

A contract management planning strategy (CMPS) defines upfront how procurement categories and individual procurements will be managed at the contractual stage based on their complexity level. It is a high level document that is part of your organisation's procurement strategy.

A CMPS does not determine how individual contracts will be managed at the operational level. This requires a more detailed assessment of the procurement risks and supplier management issues related to a particular procurement activity.

This CMPS is intended to cover all four complexity quadrants (transactional, leveraged, focused and strategic). The VPAs complexity assessment has not indicated a broader set of issues in procurement activities that require us to develop a specific CMPS for each category.

The CMPS is based on the five questions below, the CEO and CPO can be assured that accountability, probity, scalability and value-for-money will be met throughout the contract management process from the answers to the five questions.

The following five critical questions are to be interpreted from a contract management planning context:

1. What systems and processes does the organisation need to monitor value for money outcomes?

To monitor value for money outcomes the VPA needs:

- An accounting system which monitors contracts at the project level, divisional level and organisational level
- Procurement conducted at a decentralised level by the project teams.
- The Finance team reviewing competitive selection processes which are decentralised to the project teams to ensure procurement policies and procedures are followed
- To follow the roles and responsibilities set out in the VPA procurement policy and procedures.

2. What are the minimum controls needed to determine if supply is at risk and what back up arrangements might be required to ensure continuity of service?

- The VPA maintains internal category advisors for each panel who are subject matter experts of the VPA who advise project managers conducting procurement and also throughout the contract.
- Multiple panel members for each category is a factor that ensures back up arrangements if supply is at risk and continuity of service is required.
- The VPA maintains consistent communication with suppliers to ensure supply difficulties are identified immediately and rectification steps are actioned.

3. What minimum actions can the organisation take to ensure that appropriate capability exists to undertake contract management?

The VPA has ensured there is appropriate knowledge throughout the organisation to be able to undertake contract management. Having a decentralised system ensures greater depth in understanding contract management and procurement activity.

Regular training on contract management and procurement for staff ensures appropriate capability is maintained at a whole of organisational level which in turn drives value for money outcomes.

4. How will the organisation know if suppliers are fulfilling their contractual obligations and achieving expected commitments?

Project managers are responsible for ensuring suppliers are fulfilling their commitments. Steps including review of service prior to payment of supplier invoices ensure project managers and directors have an opportunity to tick off completed work prior to payment. This is an important step for ensuring the VPA has reviewed the contractual obligations and the supplier and is satisfied they have met them.

5. How can the organisation improve procurement practice to drive value for money?

Procurement improvement initiatives have been incorporated as part of 2.5 below, these touch on improvements to procurement practice to drive value for money outcomes.

The CMPS is to be reviewed at regular intervals along with other components of this procurement strategy to ensure a consistent framework for conducting procurement.

2.5 Forecast benefits

Incorporated below are the forecast benefits for the year based on the planned initiatives outlined.

Improvement initiative	Forecast Benefit
Procurement improvement 1: From an overarching perspective a procurement improvement would be good to find a mechanism to review contractor performance on projects	Being able to capture supplier performance on contracts in a system perspective would better influence future procurement decisions. While all contract information is available and open to staff project managers would have to chat to other project managers about a particular supplier's performance. Making it system based would reduce the manual intervention of seeking that advice and save time.
Procurement improvement 2: The VPA are to assign a key point of contact/relationship manager for our top 5 suppliers	Assigning a relationship manager for key suppliers would create a singular point of contact for the suppliers that are strategically important to our organisation. These relationship managers are tasked with building the relationship with those suppliers, tracking current contracts and ensuring adherence to VPA procurement and contract management policies.
Procurement improvement 3: The VPA are to implement an e-procurement module within its current accounting platform to replace the current manual system.	The transition of the procurement function from a manual paper-based function to an integrated system based one will have several substantive benefits including: <ul style="list-style-type: none"> • Reduction in manual paper-based forms • Ability for suppliers to submit RFQs through a portal • Ability for VPA to respond to suppliers through the portal • Ability for the procurement function to oversee procurement activities more effectively • Enhancement and leveraging of procurement data to provide greater insights.

Part 3: Procurement analysis

3.1 Strategic situation analysis

The purpose of this section of the VPAs procurement strategy is to undertake a high-level procurement related SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the VPA. Incorporating:

- The strengths of VPAs procurement function
- The weaknesses of the VPAs procurement function
- Opportunities that exist to improve the VPAs procurement capability
- Procurement threats which exist for the VPA?

Purpose

A SWOT analysis is completed as a strategic situation analysis and exercise in robust strategy and planning.

Strengths	Weaknesses
<ul style="list-style-type: none"> Decentralised procurement allows for corporate procurement officers to focus on partnering and procurement governance. Category advisors and internal subject matter experts are knowledgeable and are able to assist project managers through supplier engagement, procurement evaluation and contract management. System review of purchase orders completed by procurement officers to ensure compliance with procurement policies 	<ul style="list-style-type: none"> Procurement process is quite manual and could benefit from system-based approvals. Limited visibility of organisation or public body wide procurement activity and performance levels
Opportunities	Threats
<ul style="list-style-type: none"> Harness the data from supplier evaluation and performance for future procurement decision making Harness a system to manage procurement workflow 	<ul style="list-style-type: none"> Threats of manual procurement process managed through secondary internal controls and review.

3.2 Risk analysis

As part of this procurement strategy, we have undertaken a high level analysis of VPA procurement related risks at the whole of organisation level. Specific risks associated with individual procurements are not included as they aren't considered to put the entire organisation at risk.

The risk analysis has been undertaken in accordance with the VPA's risk management framework for consistency purposes.

Risks may address the following areas: organisational risk, category risks, supplier related risks and/or market related risks.

Purpose

Risk management is an integral part of good procurement activity planning. It improves an VPAs performance by ensuring that risks and related consequences are systematically integrated into procurement decision making.

Risks considered as part of this procurement strategy

1. Current supplier challenges with a stretched labour market.
2. VPA may not be compliant with VGPD policies

Weaknesses and threats from SWOT analysis can be a good starting point to identify your organisations procurement risks.

Risk analysis					
No.	Risk owner	Likelihood	Impact	Risk rating	Mitigation strategy
1	Finance Manager	H	M	M	<ol style="list-style-type: none"> 1. Complete procurement activity plan and identify joined up procurements. 2. Encourage teams to evaluate potential for joined up procurements.

2	Finance Manager	L	M	M	Complete procurement strategy refresh and attestation to VGPPB policies annually.
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3.3 Capability development initiatives

There are several initiatives which will be undertaken to improve the VPAs procurement capability. This includes plans and programs are to be made for training, recruitment, professional development, and retention of staff skilled in procurement.

Identification of capability development initiatives within the VPAs procurement strategy and procurement activity plan will assist in appropriate decision making and prioritisation.

The Finance team more broadly has the responsibility to develop a capability plan for their organisation. The capability plan developed by the finance team is used to demonstrate the capability development initiatives.

Capability development plan

This Capability Development Plan (CDP) is designed to plan for capability development improvement across the VPA. The CDP will assess agency capability as well as individual capability.

Agency capability

Agency capability measures the carrying out of procurement tasks and activities including people, systems, policies, processes, experience, resources and training.

Assessing the VPAs procurement capability is critical to making sure we can carry out our procurement activities. It is also central to identifying areas for improvement.

The VPA is to use its capability assessment to:

- set capability goals
- focus on making changes that lead to improved procurement outcomes

Each year the VPA will assess its procurement capability as part of the procurement strategy development.

This includes assessing the level of complexity of expected procurements for the year and the VPAs ability to complete them. People in the agency are an important part of procurement success. Investing in employee capability will increase agency capability.

The VPA have completed the Buying for Victoria **Procurement Capability Checklist**. It measures capabilities across the organisation, measured by knowledge of:

- Legislative and policy context
- Commercial acumen and negotiation
- Relationship management (internal and external) and communication
- Procurement planning and analysis
- Market knowledge – approach, evaluation and selection
- Contract design and management

These broad areas are demonstrated across two key functional areas:

- knowledge, skill and ability and
- expected behaviours and evidence of achievement

There are three sets of skill levels for each of the selected capabilities they are foundation, adept and advanced.

A summary of the procurement capability checklist has been included on the next page.

Functional area	Description	Foundation		Adept		Advanced		Commentary
	KSA: Knowledge, Skills and Ability BEA: Behaviours and evidence of achievement	KSA	BEA	KSA	BEA	KSA	BEA	
Legislative and policy context	Knowledge of legislative requirements and political priorities, how to implement them and their implications for procurement practice and outcomes. Legislative and policy context capability applies to every stage of the procurement process.	4/4	5/5	4/4	4/4	5/5	1/4	Areas which the VPA didn't meet the advanced behaviours and evidence of achievement is in relation to showing leadership and advice to change/shape government procurement framework/policy & legislation. Considering the size and materiality of the VPA in relation to govt this isn't our role.
Commercial acumen and negotiation	Commercial skills such as understanding cost drivers, profit margins and benchmarking, as shown by achieving commercial outcomes from implementing the procurement process. This includes knowledge of own business and supplier markets. Commercial acumen and negotiation capability apply to every stage of the procurement process.	6/6	6/6	7/7	9/9	8/8	8/8	VPA has met the knowledge, skills and ability as well as the behaviours and evidence of achievement for the commercial acumen and negotiation functional area.
Relationship management (internal and external) and communication	Developing strategic relationships with internal and external stakeholders through effective communication, influence and leadership. Relationship management (internal and external) and communication capability applies to every stage of the procurement process.	7/7	7/7	8/8	8/8	4/4	5/7	Areas which the VPA didn't meet the advanced behaviours and evidence of achievement is in relation to partnering with industry bodies and procurement associations (Procurement capability initiative number 1) as well as developing procurement strategic plans to address and influence stakeholder issues. The latter isn't appropriate for our size organisation, we will review partnering with industry bodies and procurement associations as a capability initiative.
Procurement planning and analysis	Developing procurement strategies and plans that leverage market and supply and demand knowledge to appropriately balance opportunities with risk to maximise value-for-money outcomes.	8/8	7/7	6/6	7/7	6/6	6/6	VPA has met the knowledge, skills and ability as well as the behaviours and evidence of achievement for the procurement planning and analysis functional area.
Market knowledge – approach, evaluation and selection	Developing and implementing appropriate market approaches to successfully execute procurement strategy and plans	7/7	6/6	7/7	7/7	7/7	4/6	Areas which the VPA didn't meet the advanced behaviours and evidence of achievement is in relation to influencing and challenging stakeholders and decision-makers to support strategic and innovative value-for-money and social benefit outcomes and preparing and conducting strategic or sensitive briefings that could involve political/media attention. Again, considering the size of the VPA none of those checklist indicators are relevant for the VPA to be doing.
Contract design and management	Designing fit for purpose contracts. Developing and applying contract management methodologies to effectively manage supplier and buyer obligations and deliver value-for-money outcomes, while resolving contract issues and ensuring delivery of goods and services in line with contract terms.	7/7	7/7	7/7	8/8	5/5	2/6	Areas which the VPA didn't meet the advanced behaviours and evidence of achievement is in relation to Influencing stakeholders to resolve their complex contractual matters, Transitioning high risk contracts and Coaching stakeholders to realise contractual benefits. These are either out of scope or not relevant to the VPA In regards to implementing contract plans, at this stage the VPA considers the contract in place to be sufficient enough to fulfill performance outcomes.

Capability development plan (Continued)

Per the checklist requirements the VPA is either adept or advanced across all functional areas.

Reviewing the procurement capability framework allows the VPA to use procurement-based outcomes when developing position descriptions for a role. The descriptors are relevant to procurement. They do not align directly with the classification descriptors in Schedule E of the VPA Enterprise Agreement 2021.

VPA Senior Strategic Planner (VPS5)

- Manage procurement processes for external technical advice in accordance with VPA policies and processes.

VPA Strategic Planning Manager (VPS6)

- No descriptors on procurement

VPA Planning Team Director (VPS7)

- No descriptors on procurement

Per above we can identify can position descriptions at the VPA are not sufficient around procurement knowledge, understanding and capability. **Procurement capability initiative number 2** would be to incorporate procurement descriptors relevant to the grade level for each of the position descriptions across our organisation.

The VPA has a procurement component to our standard employee induction program where we will ensure the new starter is trained in procurement which includes capability, processing and information about the VPA procurement policies and procedures.

From an internal perspective the Finance team has room to upskill in its knowledge of procurement. As **Procurement capability initiative number 3** we will seek out procurement training and development opportunities throughout the 2022-23 financial year.

Capability development initiatives						
No.	Initiatives	Priority	Timing	SET Owner	Responsible Officer	Approved budget
1	Join relevant procurement groups/organisations to capture learnings and knowledge	H	Dec 22	Ed Small	Alex Mulholland	\$3,000
2	Embed procurement related responsibilities into position descriptions for staff.	M	Dec 22	Ed Small	Alex Mulholland	\$0
3	Seek out procurement training and development opportunities throughout the 2022-23 financial year	M	June 23	Ed Small	Alex Mulholland	\$5,000

3.4 Procurement complexity assessment

Procurement complexity is the level of intricacy and scope of issues involved in procuring a good or service. The complexity assessment considers a broad range of factors including risk, total cost of ownership and market dynamics associated with the procurement activity.

To achieve the best value for money, the VPA must assess the complexity of a procurement activity before it begins.

The assessment of complexity must be applied to:

- relevant categories of procurement
- any individual procurement activity that:
 - does not fall into a category of procurement
 - is strategic or high risk to the business of the organisation

Carrying out an assessment of complexity at the category level can identify individual procurement and strategic and high-risk procurement that require an individual complexity assessment.

An assessment of complexity must do the following things:

Complexity Assessment Factor	VPA response
identify and measure the internal and external factors that affect the procurement	See procurement activity plan. Characteristics of procurement broken down by sub-category.
set out the characteristics of the good or service being purchased	See procurement activity plan. Characteristics of procurement broken down by sub-category.
assess the capacity, capability and motivation of the market to supply the goods or service	See supplier engagement plan
set out the value created by the procurement to the organisation and analyse opportunities to improve value for money	See procurement activity plan.
analyse the potential for aggregating purchasing demand	The VPA on an annual basis through its procurement activity plan reviews the potential for aggregating procurement and combining procurement to achieve scaled outcomes.
analyse the potential within the overall procurement need to improve the opportunities for Australia and New Zealand small to medium enterprises to participate in government procurement	See supplier engagement plan
investigate the best way to approach the market that is cost-effective to suppliers and buyers and considers opportunities for local businesses to participate	See supplier engagement plan

Quadrant of complexity	VGPB Policy description of quadrant	VPA commentary on complexity level
1. Transactional	Small value and low-risk transactions where approved suppliers (e.g. state purchase contracts) are not available.	Small administrative purchases would fall into this category. This included cleaning services, catering, venue hire, hardware and software purchases, software consultants and other small administrative costs.
2. Leveraged	Frequently used goods/services in a competitive marketplace that are procured by an individual department or whole of government, where the VPA has the ability to drive value.	The majority of the VPA procurement on a project level would fall into this category.
3. Focused	Procured goods/services where a limited number of suppliers are available, or where novel commercial arrangements are in place (may include whole of government contracts).	Items such as our IT services contract, Office Accommodation and fitout as well as our panel category refreshes would fall into the focused category of complexity.
4. Strategic	Goods/services in a competitive market that are high-value, where business criticality is high, and/or where the good/service is of state significance (may include whole of government contracts).	The VPA has not conducted any procurement that is in the strategic quadrant. No procurement is of state significance.

The complexity assessment process considers the type of complexity assessment to be applied (unless exceptions apply) and identifying appropriate sourcing strategies based on the complexity assessment results. The VPA has established sourcing results, considering the majority of our sourcing occurs through existing and established panels within the leveraged quadrant of complexity additional complexity assessment is not required.

VPA may have developed summary of procurement complexity by value in the following table. This summary is based on the results of the complexity analysis and knowledge of procurement category spend:

Complexity of quadrant	Total spend (\$ million)	% of total spend
Transactional	\$4M	15%
Leveraged	\$17M	66%
Focused	\$4.9M	19%
Strategic	\$0	0%
Total	\$26M	100%

The assessment of our spend above reconciles back to our procurement activity plan. As we can see, the majority of our spend is in the leveraged procurements. VPA effort will focus on reviewing leveraged procurements and driving value through aggregating purchases (where possible) and going out for RFQ early to meet market challenges and supplier constraints.

3.5 Policy, procedures, processes and systems initiatives

There are a specific set of initiatives that will be undertaken to improve the VPAs procurement policies, procedures, processes and systems which will enable the effective administration of the procurement function and to drive continuous improvement.

The VPA has listed two key procurement system initiatives below. These are creating a mechanism to review supplier performance and to embed e-procurement into our accounting platform.

While there is several other benefits that will flow out of these initiatives including harnessing procurement data for use in dashboards and integrating contract management with financial management these improvements will be incorporated into next years version of the VPA procurement strategy.

Capability development initiatives						
No.	Initiatives	Priority	Timing	SET Owner	Responsible Officer	Approved budget
1	Join relevant procurement groups/organisations to capture learnings and knowledge	H	Dec 22	Ed Small	Alex Mulholland	\$3,000
2	Embed procurement related responsibilities into position descriptions for staff.	M	Dec 22	Ed Small	Alex Mulholland	\$0
3	Seek out procurement training and development opportunities throughout the 2022-23 financial year	M	June 23	Ed Small	Alex Mulholland	\$5,000
4	Create a mechanism to review contractor performance on projects in a system.	H	June 2023	Ed Small	Alex Mulholland	\$5,000
5	The VPA are to implement an e-procurement module within its current accounting platform to replace the current manual system.	H	June 2023	Ed Small	Alex Mulholland	\$25,000

3.6 Planned budget allocation—procurement initiatives

Below is a summary of budgeted expenditure that has the intent of improving the delivery of procurement services, process efficiencies, performance management/reporting, value for money outcomes, stakeholder management and supplier engagement across the VPAs procurement function.

Purpose

To identify and document the benefits of actions that improves the performance of the procurement function. The actions that result in improvements.

Key budget areas

- There is \$38,000 of external budget expenditure incorporated in the VPA budget with the primary aim of improving our procurement function. These are include in the capability improvement initiatives and the system improvement initiatives above.
- The procurement function at the VPA has 0.8FTE of internal staff (inclusive of manager and CPO oversight) to run procurement governance and procurement business partnering at the VPA.
- The procurement function is decentralised at the VPA and project managers are responsible for procuring services related to their project. This approximately takes up 5% of their time which is included in the VPA labour/salaries budget.

Part 4: Procurement implementation

4.1 Performance management and monitoring

The following section details the VPAs procurement performance management and monitoring structure and processes.

Purpose

Performance needs to be measured and monitored against your VPA targets to ensure that we are efficiently and effectively using resources in the attainment of its objectives and wider government objectives.

The VPA has used the Buying for Victoria procurement monitoring assessment tool to select which of the measures we will report against for KPIs for procurement. These have been included below.

Serial	Area	Measure	Suggested metric	Data source
1.01	Financial	Top five categories of spend	No metric – profile only	Tech One
1.02	Financial	Top 10 suppliers by total spend	No metric – profile only	Tech One
1.03	Financial	Summary of procurement complexity (i.e. \$ amount split for quarter and financial year)	No metric – profile only	Tech One
1.06	Financial	Procurement spend by category	No metric – profile only	Tech One
1.07	Financial	Procurement spend by supplier (i.e. supplier share)	No metric – profile only	Tech One
1.08	Financial	Off-Panel spend	Off contract spend/spend to date	Tech One
2.02	Operational	List of procurement improvement initiatives and delivery dates	No metric – profile only	Manual
2.04	Operational	Number of contracts under management number and \$	No metric – profile only	Tech One
2.06	Operational	Contracts approaching renewals or expiry	Number of contracts due for renewal or expiry in the next three months	External TBD
2.07	Operational	Contracts past expiry date	Number of contracts expired but still in operation	External TBD
2.14	Operational	Organisation-wide procurement plan and strategy developed	Completion date	Manual
2.16	Operational	Non-compliance rate	Number of issues of non-compliance found by audit rated at or above Medium	Manual
4.01	People	No. of staff in central procurement team (central and regional personnel)	No metric – profile only	Manual
4.07	People	Strategy and structures are in place to address capability, resourcing and training needs	Due for completion	Manual

The VPA will develop reporting using the above measures. We note there are several items incorporated in the procurement monitoring tool which we will be able to monitor and report on once we complete our e-procurement initiative included in section 2.5 and 3.4 of this procurement strategy.

Suggested frequency of procurement performance reporting

Report type	Coverage	Frequency	Audience and purpose	Responsible
Board Report	...	6 months	Board for review	CPO
Executive report		Quarterly	SET level	Finance Manager