



PRIME MINISTER

13 May 1974

COMMITTEE OF INQUIRY INTO GOVERNMENT PROCUREMENT

The Prime Minister announced today that the Chairman of the Committee of Inquiry into Government Procurement, Sir Walter Scott, had written to advise him of the Committee's major conclusions and recommendations. The Prime Minister recalled that in announcing the establishment of the Committee in November 1973, it was foreshadowed that the Committee's report would form the basis of a review, by Ministers, of procurement policy. This review, he said, would be carried out as soon as possible after receipt of the Committee's full report which was expected shortly.

The Prime Minister said that Sir Walter had advised him that the Committee's major conclusion was that the procurement function as a whole had been seriously neglected, and was not serving the Australian Government or its suppliers, as effectively as it should. Sir Walter said the Committee recommended that, in order to upgrade the procurement function to a degree commensurate with its importance to both government and industry, an Australian Government Purchasing Commission be established as a central purchasing authority to be responsible for the co-ordination of policy, and in the course of time, for the purchase of goods and services for all departments with the possible exception of certain specialised functions.

The Committee sees two major advantages from the creation of an Australian Government Purchasing Commission. First, it considers that such a Commission should make possible greater efficiency and streamlining in the whole process of Government procurement, as it saw obvious gains to be achieved in terms of economy and efficiency of operations. Secondly, the Committee considers the Commission could be expected to develop an expertise and experience which would allow it to purchase more effectively for the various Government departments for which it would act as agent. It was thought that the Commission should achieve the traditional objective of Government purchasing, the "best value for money", more effectively than the present system.

The Committee also recommended that, as soon as possible, the proposed Commission should initiate a thorough overhaul of the principles, rules and regulations governing the procurement function. In the meantime, the Committee would make a number of detailed recommendations designed to improve the situation immediately. In particular it would recommend that the

Government overhaul its forward planning for procurement, so that suppliers will have a better knowledge of what is required.

The Prime Minister said he had also been advised that the Committee would be suggesting ways in which Government purchasing may be used to further other policy aims considered desirable by the Government. The Committee has concluded that in various ways and in varying degrees Government purchasing can be used to help to achieve some policy objectives; in the field of product standards and testing; in the following of a labour employment code; the employment of women; the employment of aborigines; promoting regional development; furthering technological progress; requiring pollution control; encouraging industrial efficiency; setting standards in the field of motor vehicle safety; and in influencing a desirable structure of industrial development in line with Government policy and community needs.

The Committee's report will also suggest means by which Government purchasing can be used to further the policy of encouraging a higher level of Australian ownership and control of industry.

The Prime Minister said he wished to place on record the Government's appreciation of the valuable work done by the Committee.
