

Dr Matthew Butlin
Presiding Commissioner
South Australian Productivity Commission
GPO Box 2343
Adelaide SA 5001
Sent via electronic mail to sapc@sa.gov.au



14 December 2018

RE: Government Procurement Inquiry

Thank you for providing the opportunity to review and provide feedback on the Government Procurement Inquiry Issues Paper (the Paper).

Engineers Australia is the peak body of the engineering profession. We are a professional association with about 100,000 individual members. Established in 1919, Engineers Australia is a not for profit organisation, constituted by Royal Charter to advance the science and practice of engineering for the benefit of the community. Engineers Australia is the trusted voice of the profession and the global home for engineering professionals renowned as leaders in shaping a sustainable world.

For the purposes of this inquiry, Engineers Australia is primarily concerned with the capacity of public authorities to evaluate tenders and the assertions noted in section 2 of the paper that government agencies lack *experience and capability to effectively evaluate complex tenders*.

While most procurement was once characterised by administration associated with acquiring products and services for internal use in government departments, it is now increasingly about delivering infrastructure and front-line services that the public use daily. This transition has seen procurement transformed from an important administrative function to one that is central to delivering departmental program goals and advancing the government's core objectives. Government must ensure that the procurement, design and implementation required for complex infrastructure delivery is underpinned by the skillset of qualified engineers.

Government procurement has become more effective and efficient over the last decade due to the increasing professionalisation of the procurement workforce and new approaches to procurement. However, there is still a significant need to improve, as illustrated by the recent Royal Adelaide Hospital specification issues and budget blowouts, near misses on tramway extensions, as well as taxpayer funded state-wide bridge audits resulting from corrections to the Glenelg tram/South Road overpass. The consequences of these technical omissions could have been avoided through greater applied engineering capability within the state government in incorporating engineers from the earliest concept development stages and procurement.

Most pressing is the need to achieve better value from procurement. This means fully understanding the technical requirements and considering the whole of life, financial and non-financial costs and benefits that accrue to all relevant stakeholders including the agency, end users and government as a whole. This will assure that what is being procured is actually needed, meets requirements, and aligns with the departmental programs and objectives. Engineers have the skills and expertise to deliver against these criteria.

Critical to achieving better value for money is being an informed buyer. Engineers can provide valuable capability in identifying opportunities where one procurement can advance other agencies'

and whole-of government priorities. Through their subject matter expertise, professional networks across agencies and domains, and the application of a systems perspective, engineers can build inter-agency support for mutually beneficial projects that can generate greater benefits for less.

Engineering expertise is critical in providing sound professional judgement during certain stages of the procurement cycle, avoiding inadequate specifications, or excessive functionality.

Engineering professionals should not be seen just as providing technical skills and industry sector knowledge. Engineers also have an ability to apply engineering practices and organisational techniques in non-engineering contexts to enhance the procurement system more broadly. These can make a significant contribution to obtaining better value from procurement.

Engineers are trained in cost benefit analysis and risk management, so it makes sense that government agencies should have access to the appropriate level of engineering expertise to support the procurement of products and services.

Almost everything that we see, touch or use in our daily lives has in some way been shaped or delivered by engineers. To further develop into an internationally competitive state, the integration of engineering into the provision of South Australian government services, delivery of nation-building infrastructure and good public policy is essential.

Engineers' specialised skills and engagement in almost every sector of the economy gives them a special insight to the innovative potential of public infrastructure like roads and hospitals, our defence capability, and our energy future. It is this life cycle experience and knowledge that provides engineers with a unique perspective of government projects and policies that can provide good governance, public surety and the reduction of risk from procurement, to delivery and beyond.

Engineers Australia believes that all governments—at the federal, state and territory levels—need a Chief Engineer to provide a link between them and the engineering profession to benefit from this insight.

It is widely understood that engineers are critical in risk management, but engineering expertise is often neglected until an event has unfolded. Engineers Australia widely advocates for early and ongoing engagement of engineers to ensure innovative and resilient planning for our nation and this begins with procurement.

Engineers Australia strongly supports the aspirations of the inquiry and commends your efforts in developing the issues paper for consultation.

Engineers Australia would welcome a meeting to discuss the content of this submission should you require any further information. To discuss this submission further, please contact me on (02) 6270 6195 or by email at sgrady@engineersaustralia.org.au

Yours faithfully,

Sybilla Grady

Policy Advisor, Public Affairs