



Creating Value Through Procurement

Public Sector Procurement of Major Infrastructure Projects

Leah Singer

How was this research conducted?

- 26 participants
- Private Sector
- Public Sector
- Horizontal Infrastructure
- Vertical Infrastructure
- Local Government
- Central Government
- Sanity check against industry reports



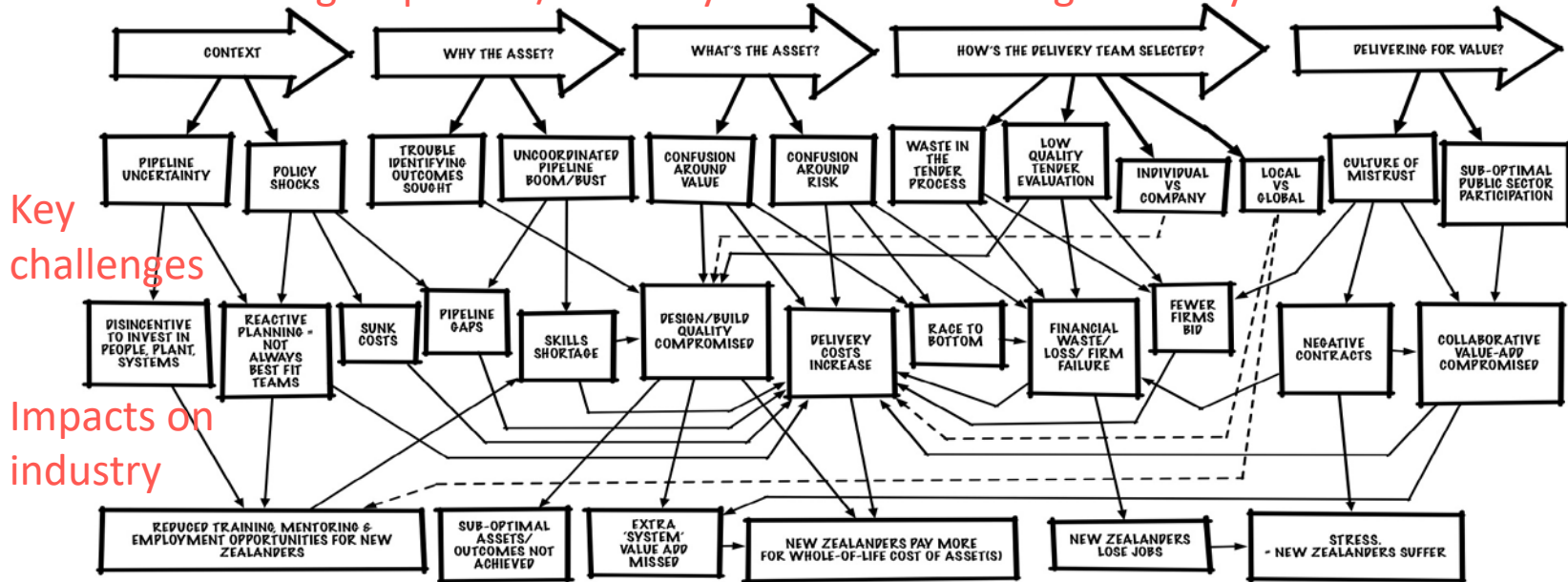
What is procurement?

*“Procurement is **all aspects** of acquiring and delivering goods, services and works. It **starts with identifying the need** and finishes with either the end of a service contract or the **end of the useful life and disposal of an asset**”*

Source: Government Rules of Sourcing

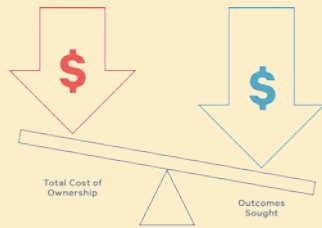
What's the problem...?

Decision making sequence / treasury investment management cycle



Why do we have these challenges?

- Lack of political **consensus**
- Weak agency **leadership**
 - Focus on cost not value – ‘whole-of-life’ v value creation
 - Adversarial ‘master-servant’ procurement culture
- Lack of **agency capability** ‘at the coalface’
 - Lack of practical multi-disciplinary procurement capability
 - Internal culture of fear/disempowerment
- Lack of **evidence based decision making** – all levels



Is the private sector squeaky clean?

- On Main Contractors
- Behind the Scenes

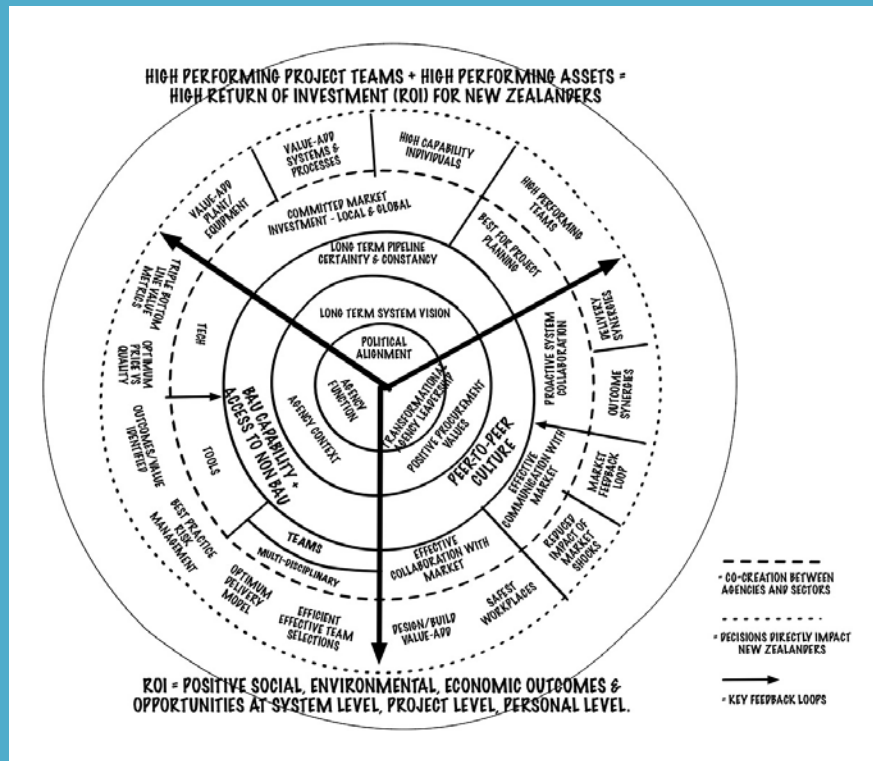


Differentiating in the public sector



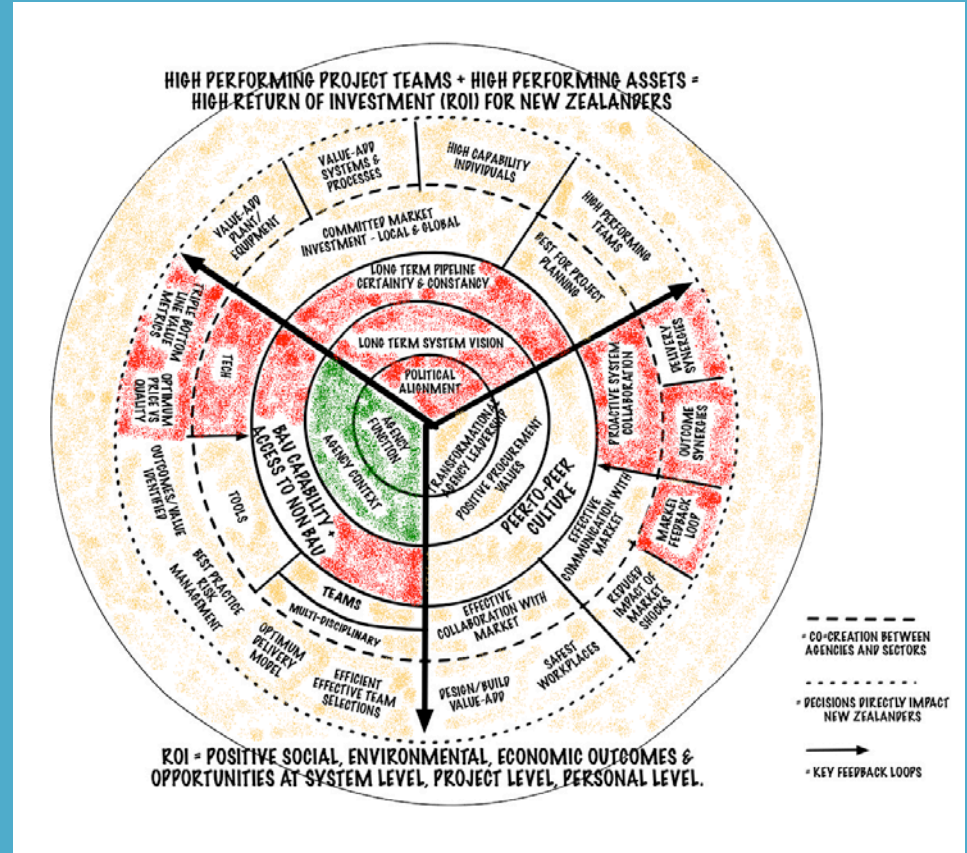
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- ## System Drivers & Dependencies



How far are we from good?

- Political alignment?
- Structured collaboration?
- Effective market feedback?
- 'System' Data???
- Effective checks and balances?
- Capability top up?



How do we get there?

- Systems need **system oversight**
 - Facilitation
 - Access to capability
 - Monitoring
- Change needs **change management strategies**
 - **Incentivise** mind-set shifts via proof of concept
 - **Incentivise** consolidation
 - *Assistance!*
- **Mind-set Shifts**
 - Assets viewed as **investments**.
 - Infrastructure procurement understood as the **outsourcing of public sector problem solving**.
 - Value creation requires **teamwork**.
 - **Synergies** should not be an 'aside'!

Vision, Values, Teams/Tools/Tech

**"In The Middle Of Difficulty
Lies Opportunity."**

Albert Einstein



Thank you

Report is now available online!