

Public Finance (Control and Management) (Amendment) Bill 2012

SECOND READING SPEECH

Hon Roland Kun MP

6 November 2012

Mr Speaker,

It gives me great pleasure to introduce to the House today a Bill for an amendment to the *Public Finance (Control and Management) Act 1997*.

This is a significant first step in revolutionising procurement arrangements for public authorities (government agencies and State owned enterprises). It will set the scene for regulations to be made containing necessary detail and for a comprehensive procurement manual to be produced for all public authorities. It will enable a procurement agent to be engaged to make procurements on behalf of the Republic.

Some of the main advantages of developing a new and independent public procurement process include:

- Enabling public authorities to get better value for money in the purchase of goods and services by benefitting from economies of scale;
- Increasing efficiency in public authorities by replacing the current variety of ad hoc approaches to procurement with a consistent, reliable and streamlined arrangement, and
- Ensuring greater transparency and accountability in the expenditure of public money.

Implementation will require significant effort in training and development of standard processes, policies and documents in order to alter the culture of public authorities in relation to procurement operations. It is recognised that this will be a lengthy process but the long term goal is to make significant and worthwhile improvements in procurement capacity. This is particularly important because a large proportion of public expenditure in Nauru relies on procurement.

Recommendations as to an appropriate procurement framework were made in April of this year by Mr John Rawden, Procurement Diagnostics Adviser, Australian Agency for International Development in his report *Review of Government of Nauru's Procurement Policy Framework: A New Approach to Procurement*. Mr Rawden visited Nauru in March and met with many agencies and stakeholders in formulating the recommendations. The

Government accepts the recommendations for a new procurement regime and this Bill provides the high level enabling framework for the new regime.

It is contemplated that the regulations will contain detail about the procurement operations that must be conducted by the procurement agent; will allow for other procurement operations to be conducted by the procurement agent in accordance with standard terms and conditions set out in the agent's contract of engagement; and will provide for the Secretary for Finance to identify common items that must be procured through a joint or standard arrangement. It is also contemplated that the regulations will set out principles about procurement that must be reflected in the procurement manual.

Mr Speaker, the explanatory memorandum describes in detail each provision of the Bill.

I commend the Bill to the House.

Thankyou.