



## Department of Education and Early Childhood Development

Office of the Secretary

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Mr David Morris MP  
Chair, PAEC Accounts and Estimates Committee  
Parliament House, Spring Street  
EAST MELBOURNE 3002

Dear Mr Morris

As you will recall, during the Public Accounts and Estimates Committee (PAEC) hearing on 21 May 2013, I committed to providing further information regarding the procurement of ACIL Allen Consulting services (formerly ACIL Tasman) to lead the work of the TAFE Transition Taskforce and to provide specialist expertise to assist the TAFE Reform Panel in advising the government on future directions for a strong and sustainable TAFE sector. In particular, I undertook to provide further details about an extension to the contract.

A formal request for further information from you as PAEC Chair was received on 27 June 2013. In order to meet the timelines of 12 July 2013, the Acting Secretary of the Department of Education and Early Childhood Development provided a brief letter on 9 July 2013 while I was on leave. I am now providing further details about the procurement of ACIL Allen Consulting services for your information.

ACIL Allen's services were procured after an internal and market analysis, and included consideration of alternative candidates internal to government. Potential candidates were identified through consultation with other Departmental Secretaries including the Secretary, Department of Premier and Cabinet, and the Victorian Leadership Development Centre.

The work to lead a time-limited TAFE Transition Taskforce and to provide specialist expertise to assist the TAFE Reform Panel in advising the government on future directions required high level specialist expertise. There was also a need to identify a candidate who was immediately available as the TAFE sector reform required urgent action to better equip TAFE Institutes to meet the challenges of a fully contestable demand driven vocational training market.

ACIL Allen had the right capability, in Marianne Lourey, due to her commercial acumen and specialist expertise in quantitative analysis, market design and governance of commercial government entities. ACIL Allen was also in a position to enable Ms Lourey to commence the work in the timeframes required.

On 16 July 2012, in accordance with Victorian Government Purchasing Board and Departmental Procurement Policy requirements, I exercised my authority to approve an exemption from not undertaking public tender or seeking quotes to engage ACIL Allen Consulting. I made this decision due to the importance of assisting the TAFE Institutes adjust to the new operating environment as quickly as possible to ensure a strong and sustainable TAFE sector.



A contract for the provision of services to the value of up to \$517,000 (GST inclusive) was entered into with ACIL Allen Consulting. A non-financial variation to this contract was approved in accordance with the Department's Procurement Policy on 25 March 2013. This extended the term of the contract to 26 April 2013. A financial variation of \$49,068 was approved in accordance with the Department's Procurement Policy on 24 April 2013 which extended the term of the contract to 24 May 2013.

Subsequently, and also in accordance with Victorian Government Purchasing Board and Departmental Procurement Policy requirements, I again exercised my authority on 22 May to approve an exemption from not undertaking public tender or seeking quotes to engage ACIL Allen Consulting to implement the Government's response to the recommendations of the TAFE Reform Panel. Again, internal and market analysis was conducted as part of the procurement process. This analysis highlighted the competitiveness of ACIL Allen's rates for the particular expertise being purchased, and the additional costs associated with alternative suppliers. In addition, I took into account the very high standard of the work that had been delivered by ACIL Allen Consulting to date. Given that a similar set of skills is required for the implementation phase, and that the supplier has developed strong and effective relationships across government and with external stakeholders, the most cost-effective approach for implementation of the Government's response to the TAFE Reform Panel's recommendations was to retain the services of ACIL Allen Consulting.

The value of this contract is \$432,418.80 (GST inclusive) for a period of approximately 10 months. Both of the contracts are with ACIL Allen Consulting and Ms Lourey's remuneration is a private matter between ACIL Allen and Ms Lourey.

This will be the last exemption I approve for these particular services as the specialist expertise and dedicated leadership of the TAFE Transition Taskforce will not be required beyond March 2014. Ongoing functions will continue under the leadership of an existing Executive Director within the Department.

The work of the TAFE Transition Taskforce, and in particular the supplier, has been instrumental in supporting the TAFE Reform Panel in advising the Government on future directions for a strong and sustainable TAFE sector.

If you would like further information you may contact Ms Kym Peake, Deputy Secretary, Higher Education and Skills, Department of Education and Early Childhood Development on 9637 2621 or by email: [peake.kym.l@edumail.vic.gov.au](mailto:peake.kym.l@edumail.vic.gov.au).

Yours sincerely



**Richard Bolt**  
Secretary

31/7/2013