

NSW Government
**Procurement
Policy Framework**



Procurement Policy Framework

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Section 1

• OBJECTIVES •

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Explore the broad goals

of NSW Government procurement, and the policies that support them.



01 Value for money



02 Fair and open competition



03 Easy to do business



04 Innovation



05 Economic development, social outcomes and sustainability

Section 2

• PLAN, SOURCE, MANAGE •

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Plan, Source, Manage process

is the best practice approach to procurement, and includes the relevant policies highlighted at every stage.



01 Plan



02 Source



03 Manage

Section 3

• GOVERNANCE AND FEEDBACK •

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Find out more

about the structures supporting NSW Government procurement.



01 Governance



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Introduction

NSW government agencies spent around \$28 billion on goods, services and construction in 2017-18, with spend increasing by an average \$2.2 billion per annum over the past five years. Alongside this increasing procurement expenditure, the NSW Government has committed \$87.2 billion over the next four years for critical infrastructure.

To ensure this money is spent fairly and efficiently, and for the long-term benefit of everyone in NSW, government buyers must comply with a range of legislative and policy requirements.

Using the framework

The NSW Procurement Policy Framework provides a consolidated view of government procurement objectives and the Procurement Board's requirements as they apply to each step of the procurement process.

NSW Procurement Policy Framework is a "policy" for the purposes of s.176(1)(a) of the *Public Works and Procurement Act 1912*. Government agencies, as defined in s.162 of the Act, must comply with the mandatory parts of this document.

Procurement has a broad end-to-end definition from 'needs identification' to 'contracting and placing orders', managing contracts and supplier relationships and disposing of government assets.

The framework applies to the procurement of goods and services of any kind including construction. For clarity, the framework identifies the requirements that apply to all procurement, to *construction* procurement, or to goods and services procurement.



The term '**must**' denote mandatory, rules based on requirements embedded in legislation, government policy and Procurement Board Directions and policies.



The terms '**should**', '**may**' and '**recommended**' indicate good practice with supporting documents categorised as guidance.

All dollar values and thresholds are **exclusive of GST** and **contract value** means the total estimated spend over the life of the contract, unless otherwise specified.

Terms in *italics* are defined in the [Glossary](#) at the end of the framework.

Who is this document for?

This document is for everyone who buys goods or services including construction on behalf of NSW Government as well as policy makers of all levels. Agencies should ensure that their internal policies and controls are consistent with any obligations under this Framework.

It is published openly so that interested citizens and suppliers and non-government organisations can also benefit from our practice.

What's new as at 1 July 2019

- 1 *Open tendering* is the default procurement method for procurements covered by *International Procurement Agreements* (IPAs), referred to as '*covered procurements*'. *Limited tendering* is also permitted but only in specific circumstances, as detailed in [PBD-2017-06 International Procurement Agreements](#) and the [IPA Guidelines](#).

Flexible and alternative procurement methods can be used for procurements that are valued under the IPA thresholds and for exempt procurements (refer Appendix 2, [IPA Guidelines](#) for details).

- 2 The requirements of the [SME and Regional Procurement Policy](#), [Aboriginal Procurement Policy](#) and [Aboriginal Participation in Construction Policy](#) have been included as they apply to procurement planning, sourcing and supplier management processes.
- 3 The Procurement Board Directions have been rationalised and aligned with new and updated policies
- 4 References to the [Government Resource Efficiency Policy](#) have been updated to reflect the revised policy released 21 February 2019
- 5 References have been included to the [Circular Economy Policy Statement](#), released 25 February 2019.
- 6 [TPP19-03 Recurrent Expenditure Assurance Framework](#) has been renamed as at 31 January 2019.

Key to icons

The following icons are used to identify different content types:



Mandatory items – you must comply with these requirements



Recommended items – you are encouraged to apply these provisions



Applies to goods and services (non-construction) procurement, including ICT



Applies to construction procurement



Applies to ICT procurement only



Applies to *human services* (non-government organisation (NGO)) procurement only



Additional information



Foundation legislation and policies

The *Public Works and Procurement Act 1912* (PWP Act) provides the legislative framework for procurement for NSW government agencies.

The PWP Act establishes the NSW Procurement Board, its objectives and functions and defines the procurement obligations of government agencies.

NSW Government agencies must comply with a range of procurement-related requirements including:

- The PWP Act, *Government Sector Finance Act 2018*, *Independent Commission Against Corruption Act 1988*, *Government Information (Public Access) Act 2009* and other legislation
- NSW Government policy
- NSW Procurement Board Directions and policies
- Premier's Memoranda
- Treasurer's Directions
- *International Procurement Agreements* arising from free trade and other international treaties to which Australia is a party.

Agency responsibilities

NSW Government procurement operates within a devolved governance structure. The heads of government agencies are ultimately responsible for managing their agency's procurement in compliance with procurement law and government policy and entering into contracts on behalf of their agency. If the Procurement Board allocates responsibility for a whole-of-government category or agreement to an agency, the agency head is also responsible for entering into those agreements on behalf of the whole-of-government.

It is critical to the governance of agency procurement that clusters or agencies appoint a Chief Procurement Officer.

Accreditation

An agency's authority to procure differs according to the terms of its accreditation by the Procurement Board under section 174 of the PWP Act. Further information on the goods and services and construction accreditation schemes is in [Section 3.2](#).

Compliance

The PWP Act and the Procurement Board's policies and directions apply to all government agencies, excluding state-owned corporations and local councils, as defined in s.162 of the Act. The Act and the Procurement Board's policies also apply to agencies that undertake procurement to fulfil statutory functions or have other statutory powers to undertake procurement.

Agencies **must** regularly test their compliance with the mandatory requirements of this framework and other Procurement Board policies and directions. For accredited agencies this will inform the annual self-assessment attestation.

References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	Public Works and Procurement Act 1912				Any			
Legislation	Public Works and Procurement Regulation 2014				Any			
Legislation	Government Sector Finance Act 2018				Any			
Legislation	Independent Commission Against Corruption Act 1988				Any			
Legislation	Government Information (Public Access) Act 2009				>\$150,000 (inc GST)			
Policy	Accreditation program for goods and services procurement				Any			
Policy	Agency accreditation scheme for construction (for accreditations granted before September 2015)				Any			
Policy	Agency accreditation scheme for procurement (for accreditations granted after September 2015)				Any			

Table 1 References: Foundation legislation and policy

Key  Mandatory  Recommended  Goods and services  Construction  ICT  Human services  Additional information