

NSW Government  
**Procurement  
Policy Framework**



# Section 1

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## • OBJECTIVES •



**Value for money**



**Fair and open competition**



**Easy to do business**



**Innovation**



**Economic development, social outcomes  
and sustainability**

# Value for money

The overarching consideration for government procurement is ensuring best value for money in the procurement of goods, services and construction.

Value for money is not necessarily the lowest price, nor the highest quality good or service. It requires a balanced assessment of a range of financial and non-financial factors, such as: quality, cost, fitness for purpose, capability, capacity, risk, total cost of ownership or other relevant factors.

## References




























































Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	<a href="#">Public Works and Procurement Act 1912</a>				Any			
Legislation	<a href="#">Government Sector Finance Act 2018</a>				Any			
Policy	<a href="#">TPP18-06 NSW Government Business Case Guidelines</a>				Risk based			
Policy	<a href="#">TPP17-03 NSW Government Guide to Cost Benefit Analysis</a>				Risk based			
Guidance	<a href="#">Statement on value for money</a>				Any			
Guidance	<a href="#">Market approaches guide</a>				Any			
Guidance	<a href="#">Benefits realisation framework</a>				Any			

Table 2 References: Value for money

## Fair and open competition

Fair and open competition improves outcomes for NSW by broadening access to government procurement, especially for SMEs and regional businesses.

Transparent, competitive processes build trust in government procurement practices and decisions, drive fair and ethical behaviour, safeguard probity and foster healthy working relationships between government buyers and suppliers. Competition produces tangible outcomes such as cost savings, increased quality and innovation and supports market sustainability.

Relating to	Status	Category	Value	Obligation	Reference
Fair and open competition		 	Any	You <b>must</b> treat potential suppliers equitably and not discriminate based on business size, location or ownership, except where targeted policy <i>measures or preferences</i> apply (e.g. <a href="#">SME and Regional Procurement Policy</a> ).	<a href="#">Promoting competition</a>
			≥\$657,000	You <b>must not</b> discriminate against suppliers due to foreign affiliation or ownership, or the origin of their goods or services, for procurements covered by <i>international procurement agreements</i> .	<a href="#">PBD-2017-06 International Procurement Agreements</a>
			≥\$9.2 million		
		 	Any	You <b>should</b> assess the impact of contract terms and extensions on market competition, including how they will limit new suppliers from doing business with government.	
Probity and fairness		 	Any	You <b>must</b> ensure procurement is fair, ethical, transparent and probity rich and ensure that probity is routinely considered in procurement decisions.	<a href="#">Independent Commission Against Corruption Act 1988</a>
		 	Any	You <b>must</b> safeguard confidential supplier information and treat tenders and business information fairly, impartially and securely.	
		 	Any	You <b>should not</b> use probity as a 'road-block' or to ignore innovative procurement arrangements with suppliers.	













Relating to	Status	Category	Value	Obligation	Reference
Supplier conduct		 	Any	You <b>must</b> require suppliers to comply with relevant standards of behaviour and use reasonable endeavours to be aware of any adverse findings against current or prospective suppliers.	<a href="#">PBD-2017-07 Conduct by Suppliers</a>
Transparency		 	Any	You <b>must</b> keep appropriate records of procurement planning, management and decision making.	<a href="#">State Records Act 1998</a>
		 	>\$150,000 (inc GST)	You <b>must</b> comply with the contract disclosure and open access information requirements of the GIPA Act including formal requests to access government information, subject to the public interest provisions in the act.	<a href="#">Government Information (Public Access) Act 2009 (GIPA Act)</a>
		 	Any	You <b>should</b> proactively share information on procurement processes and decision-making, including publishing procurement policies and supplier briefings that explain the reasons for sourcing strategies and outcomes.	

Table 3: Fair and open competition



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	<a href="#">Government Information (Public Access) Act 2009</a>				>\$150,000 (inc GST)			
Legislation	<a href="#">Government Sector Finance Act 2018</a>				Any			
Legislation	<a href="#">Independent Commission Against Corruption Act 1988</a>				Any			
Legislation	<a href="#">State Records Act 1998</a>				Any			
Policy	<a href="#">PBD-2017-06 International Procurement Agreements</a>				≥\$657,000			
Policy	<a href="#">PBD-2017-06 International Procurement Agreements</a>				≥\$9.2 million			
Policy	<a href="#">NSW Industrial Relations Guidelines: Building and Construction Procurement</a>				Any			
Policy	<a href="#">PBD 2017-07 Conduct by Suppliers</a>				Any			
Guidance	Contract periods and extensions				Any			
Guidance	<a href="#">Controlling corruption opportunities in the provision of maintenance services</a>				Any			
Guidance	<a href="#">Corruption and integrity in the NSW public sector: an assessment of current trends and events</a>				Any			
Guidance	<a href="#">Corruption prevention, fairness and probity</a>				Any			
Guidance	<a href="#">Corruption risks in NSW Government procurement - Recommendations to government</a>				Any			

## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Guidance	<a href="#">Corruption risks in NSW Government procurement - Suppliers' perception of corruption</a>				Any			
Guidance	<a href="#">Corruption risks in NSW Government procurement - The management challenge</a>				Any			
Guidance	<a href="#">Direct Negotiations: Guidelines for managing risks</a>				Any			
Guidance	<a href="#">Funding NGO delivery of human services in NSW: A period of transition</a>				Any			
Guidance	<a href="#">Guidelines for managing procurement complaints</a>				Any			
Guidance	<a href="#">Identifying and managing conflicts of interest in the public sector</a>				Any			
Guidance	<a href="#">International Procurement Agreements</a>				≥\$657,000			
Guidance	<a href="#">International Procurement Agreements</a>				≥\$9.2 million			
Guidance	<a href="#">Managing IT contractors, improving IT outcomes</a>				Any			
Guidance	<a href="#">Promoting competition</a>				Any			
Guidance	Transparency, recordkeeping and disclosure				Any			

Table 4 References: Fair and open competition

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



























## Easy to do business

NSW aims to be the easiest state to start and stay in business.

Making government procurement simpler, easier and more efficient saves time and money for both agencies and businesses. Streamlined and accessible processes lower barriers to participation and expand opportunities to a broad supply base, especially small and medium businesses.

Relating to	Status	Category	Value	Obligation	Reference
Notifying suppliers of business opportunities			Any	You <b>must</b> advertise open tenders electronically on the <a href="#">eTendering website</a> . Print advertising may only be used in exceptional circumstances where electronic advertising will not meet the agency's needs. In these cases, eTendering must still also be used to, at a minimum, notify the market of the tender.	<a href="http://www.tenders.nsw.gov.au">www.tenders.nsw.gov.au</a> <a href="#">M2011-16 NSW Government Tenders advertised on eTendering only</a>
			Any	You <b>should</b> provide as much notice as possible of upcoming procurement opportunities.	
			Any	You <b>must</b> ensure tender periods give respondents reasonable time to effectively price and prepare their submissions or bids.	
Contracts and prequalification schemes			Any	Mandated contracts <b>must</b> be used for ICT (Procure IT) and <i>human services procurements</i> .	<a href="#">PBD-2018-02 Procure IT Framework</a> <a href="#">PBD-2017-04 Procuring Human Services from NGOs</a>
			>\$1.3 million	Unaccredited and partially accredited agencies must use the <i>Procurement System for Construction</i> , including contract templates, for construction works valued over \$1.3 million. (Refer <a href="#">Section 2:02 Source, Contract requirements</a> ).	<a href="#">PBD 2014-03C Threshold for Unaccredited Work</a>
			Any	Procurements using whole-of-government arrangements, e.g. standing offers and prequalification schemes, <b>must</b> use the designated contract for those arrangements.	



Relating to	Status	Category	Value	Obligation	Reference
Contracts and prequalification schemes		 	Any	Agencies <b>should</b> use standard tender and contract templates with uniform terms and conditions across the agency, to make it easier for potential suppliers to familiarise themselves with contract requirements.	
		 	Any	You <b>should</b> use plain English and limit contract length and complexity.	
		 	Any	You <b>should</b> apply the Procurement Board's recommended <a href="#">commercial approaches to key contract terms</a> except where individual circumstances and/or value for money considerations require otherwise.	<a href="#">Commercial approaches in contracts</a>
		 	Any	You <b>should</b> minimise insurances and indemnities imposed on suppliers, with risk allocated to the party best placed to mitigate or manage those risks.	
		 	Any	You <b>should</b> identify opportunities to establish prequalification schemes in place of panel contracts and standing offers, so that new suppliers are not locked out of government business opportunities for long periods.	
Supplier payments		 	Any	You <b>must</b> use the most efficient electronic payment method for suppliers, such as PCards or Electronic Funds Transfer (EFT), unless a viable electronic payment method is not available.	<a href="#">DFSI 2015-02 Efficient Electronic Payment Methods</a>
		 	Any	Cheques <b>should not</b> be used unless a viable electronic payment method is not available.	
		 	Any	You <b>should</b> pay suppliers within contractual timeframes, noting your agency must report on payment performance in its annual report.	

 Mandatory
  Recommended
  Goods and services
  Construction
  ICT
  Human services
  Additional information


























































Relating to	Status	Category	Value	Obligation	Reference
Supplier payments		 	Any	You <b>must</b> pay registered <i>small businesses</i> (< 20 FTEs) within 20 calendar days of receipt of a correctly rendered invoice for payments of \$10,000 – \$1 million, unless an existing contract or standing offer provides for an alternative time period.	<a href="#">Faster Payment Terms Policy</a>
		 	Any	You <b>should</b> pay invoices up to \$10,000 as soon as possible by PCard, for <a href="#">applicable expenditure categories</a> , unless a more cost-effective electronic alternative is available or the supplier cannot accept electronic payment methods.	<a href="#">DFSI-2015-02 Efficient Electronic Payment Methods</a>
Purchasing exemptions		 	Any	You <b>may</b> use purchasing exemptions to procure goods and services directly from certain suppliers, subject to your agency's safety, security or infrastructure requirements, even if the goods or services are available on whole-of-government arrangements. <a href="#">Refer Section 2: 01 Plan, Exemptions</a> for details.	<a href="#">SME and Regional Procurement Policy</a> <a href="#">Aboriginal Procurement Policy</a> <a href="#">Aboriginal Participation in Construction Policy</a> <a href="#">Public Works and Procurement Regulation 2014</a>

Table 5: Easy to do business

## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	<a href="#">Building and Construction Industry Security of Payment Act 1999</a>				Any			
Legislation	<a href="#">Public Works and Procurement Regulation 2014</a>				Any			
Policy	<a href="#">Aboriginal Participation in Construction Policy</a>				<\$250,000 >\$1 million			
Policy	<a href="#">Aboriginal Procurement Policy</a>				<\$250,000 >\$10 million			
Policy	<a href="#">DFSI 2015-02 Efficient Electronic Payment Methods</a>				Any			
Policy	<a href="#">Faster Payment Terms Policy</a>				<\$1 million			
Policy	<a href="#">PBD 2014-03C Threshold for Unaccredited Work</a>				>\$1.3 million			
Policy	<a href="#">PBD 2017-03 Civil Liability Act 2002 and Proportionate Liability</a>				Any			
Policy	<a href="#">PBD-2017-04 Procuring Human Services from NGOs</a>				Any			
Policy	<a href="#">PBD-2018-02 Replacement of the ICT Short Form Contract in the Procure IT Framework</a>				Any			
Policy	<a href="#">SME and Regional Procurement Policy</a>				<\$50,000 <\$250,000 <\$1 million >\$3 million			

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



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Guidance	<a href="#">Approaching the Supplier Market</a>				Any			
Guidance	<a href="#">Commercial Approaches in Contracts</a>				Any			
Guidance	<a href="#">Department of Industry - Business in NSW</a>				Any			
Guidance	<a href="#">Industry Engagement Guide</a>				Any			
Guidance	<a href="#">Overview of Buying Solutions</a>				Any			
Templates	<a href="#">ICT contract templates</a>				Any			
Templates	<a href="#">NSW Human Services Agreement</a>				Any			
Templates	<a href="#">Goods and services contract templates</a>				Any			
Templates	<a href="#">Construction contract templates - Accredited agencies</a>				Any			
Templates	<a href="#">Construction contract templates - Unaccredited and partially accredited agencies</a>				>\$1.3 million			

Table 6 References: Easy to do business

















# Innovation

The marketplace is a great source of innovation and can assist government to work smarter and deliver better services.

Industry engagement and flexible procurement practices assist agencies to adopt innovative services and solutions and support supplier innovation in government's supply chains.

Innovation can be encouraged at three levels of market engagement:

- *at the state economic level* - through effective, early, structured, and open communication of needs to the market
- *at the sourcing level* - by adapting sourcing methods to facilitate innovation and collaboration
- *at the contract management level* - by focusing on outcomes and developing supplier relationships that deliver value beyond the contract.

Relating to	Status	Category	Value	Obligation	Reference
Testing new ideas			<\$1 million	You <b>may</b> test the capability of new solutions to meet your current or emerging business needs through innovative collaborations or outcomes-based trials.	<a href="#">SME and Regional Procurement Policy</a> <a href="#">PBD-2019-03 Construction Procurement Opportunities for SMEs</a> <a href="#">Digital.nsw accelerator</a> <a href="#">NSW Innovation Strategy</a>
			<\$1 million		
			Any		
			Any		
Engaging with industry		 	Any	You <b>should</b> engage with industry through all phases of the procurement lifecycle, noting there are increased opportunities for innovation if industry engagement takes place as early as possible.	<a href="#">Industry Engagement Guide</a>
		 	Any	You <b>may</b> consider complex market engagements to pursue innovative procurement outcomes, subject to complying with legislative and policy requirements including the <a href="#">IPA Guidelines</a> .	<a href="#">Complex Market Engagement Methods</a>











Relating to	Status	Category	Value	Obligation	Reference
Engaging with industry		 	Any	You <b>must</b> refer <i>unsolicited proposals</i> to the Department of Premier and Cabinet for assessment, noting such proposals are not a substitute for routine competitive procurement actions. An <i>unsolicited proposal</i> is an approach to government from a proponent over a commercial proposition, where the government has not requested the proposal (refer <a href="#">Glossary</a> for more). The focus of <i>unsolicited proposals</i> is on unique and innovative projects or services, with the proposal and proponent to be <u>uniquely</u> able to deliver the proposed service.	<a href="#">C2017-05 Unsolicited Proposals</a> <a href="#">Unsolicited Proposals: Guide for Submission and Assessment</a>
		 	Any	You <b>may</b> consider a commissioning and contestability approach to pursue innovative, customer centric approaches to service delivery.	<a href="#">TPP16-05 Commissioning and Contestability Policy</a>
Construction			Any	You <b>should</b> refer to the CILF practice notes as guidance when procuring and delivering major infrastructure projects. The CILF notes provide strategies to address key challenges affecting the construction sector.	<a href="#">Construction Industry Leadership Forum (CILF) Practice Notes</a>
Engaging with the human services sector			Any	You <b>must</b> use the NGO Registration Scheme – Human Services as a first step to sourcing information from NGOs that are seeking, or are contracted, to deliver human services on behalf of the NSW Government.	<a href="#">PBD-2016-04 NGO Registration Scheme</a>

Table 7: Innovation

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



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Policy	<a href="#">C2017-05 Unsolicited proposals</a> <a href="#">Unsolicited Proposals: Guide for submission and assessment</a>				Any			
Policy	<a href="#">PBD-2016-04 NGO Registration Scheme</a>				Any			
Policy	<a href="#">PBD-2017-04 Procuring Human Services from NGOs</a>				Any			
Policy	<a href="#">PBD-2019-03 Access to Government Construction Procurement Opportunities by SMEs: Procurement innovation stream</a>				<\$1 million			
Policy	<a href="#">SME and Regional Procurement Policy: Procurement innovation stream</a>				<\$1 million			
Policy	<a href="#">TPP16-05 Commissioning and Contestability Policy</a>				Any			
Guidance	<a href="#">Complex Market Engagement Methods</a>				Any			
Guidance	<a href="#">Construction Industry Leadership Forum (CILF) Practice Notes</a>				Any			
Guidance	<a href="#">Digital.nsw accelerator</a>				Any			
Guidance	<a href="#">Guidelines for Engagement with NSW Human Services NGOs</a>				Any			
Guidance	<a href="#">Human Services Outcomes Framework</a>				Any			
Guidance	<a href="#">Industry Engagement Guide</a>				Any			
Guidance	Innovation Stream Guidelines				<\$1 million			



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Guidance	<a href="#">Market and Industry Engagement</a>				Any			
Guidance	<a href="#">Market Approaches Guide</a>				Any			
Guidance	<a href="#">NSW Government Action Plan: A ten point commitment to the construction sector</a>				Any			
Guidance	<a href="#">NSW Innovation Strategy</a>				Any			
Guidance	<a href="#">Supplier Relationship Management Guidelines</a>				Any			
Guidance	Testing new ideas				Any			

Table 8 References: Innovation



# Economic development, social outcomes and sustainability

Government procurement can help to support economic participation, social outcomes, develop skills and create jobs for the citizens of NSW.

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By building a diverse supply base, government agencies can support businesses of all types to grow and encourage economic development across the state

The government uses procurement to support *small and medium sized businesses, Aboriginal-owned businesses, regional businesses and disability employment organisations*. It is also using its substantial infrastructure investments to support jobs and skills development for a range of workers including Aboriginal people

*Sustainable procurement* focuses on spending public money efficiently, economically and ethically to deliver value for money on a whole of life basis. *Sustainable procurement* extends the assessment of value for money beyond the sourcing process, considering benefits and risks to the organisation, the community, the economy and impacts on the environment.

## **Sustainable procurement:**

- Considers how procurement impacts society, the economy and the environment
- Provides all suppliers with full and fair opportunities to compete
- Respects stakeholders' interests, the rule of law and human rights
- Seeks innovative solutions to address sustainability throughout the supply chain
- Buys only what is needed or seek sustainable alternatives
- Analyses all procurement costs, including benefits for society, environment and the economy
- Integrates sustainability into procurement practices.

Relating to	Status	Category	Value	Obligation	Reference
SME and regional businesses			<\$50,000 <\$250,000 <\$1 million >\$3 million	You <b>must</b> comply with the SME and Regional Procurement Policy to support the participation of <i>SMEs and regional businesses</i> in goods and services procurement.	<a href="#">SME and Regional Procurement Policy</a>
Employment of Aboriginal people		 	<\$250,000 >\$1 million >\$10 million	You <b>must</b> comply with the Aboriginal Procurement Policy and Aboriginal Participation in Construction Policy, to support 3,000 FTE employment opportunities for Aboriginal people by 2021 through government procurement activities.	<a href="#">Aboriginal Procurement Policy</a> <a href="#">Aboriginal Participation in Construction</a>
Employment of people with a disability		 	Any	You <b>may</b> purchase goods and services of any value from an approved <i>disability employment organisation</i> via a single written quote, even if there is a whole of government arrangement in place.	<a href="#">Public Works and Procurement Regulation 2014</a>
Construction skills development			>\$10 million	You <b>must</b> set targets for apprentices and trainees engaged on construction projects valued >\$10 million and monitor the contractor's progress in achieving the targets.	<a href="#">PBD 2017-05 Construction Training and Skills Development</a>
			>\$500 million	Your agency <b>must</b> publish and periodically update a <i>Construction Skills Development Plan</i> if it has a planned construction expenditure >\$500 million over the for-forward estimates.	








































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



Relating to	Status	Category	Value	Obligation	Reference
Resource efficiency and waste reduction			Any	You <b>must</b> comply with the <a href="#">Government Resource Efficiency Policy (GREP)</a> by ensuring goods, services and construction projects meet minimum energy, water use and air emissions standards. An exception applies for agencies with fewer than 100 employees, when compliance is voluntary.	<a href="#">NSW Government Resource Efficiency Policy (GREP)</a>
			Any	You <b>should</b> purchase construction materials with recycled content; copy, stationery and print publication paper with post-consumer recycled content, and non-recycled paper from sustainable sources. Refer to the <a href="#">GREP</a> for information on recognised standards and certification programs for recycled content and sustainable sources.	
			Any	You <b>must</b> use E10 and biodiesel blends where possible, unless there is a clear operational requirement that precludes the use of biofuels.	<a href="#">M2012-08 Use of Biofuels</a>
			Any	You <b>should</b> consider the product lifecycle when conducting needs analysis and developing product specifications, including taking account of <i>circular economy</i> principles, so that use of recycled materials and disposal or repurposing of goods or assets is planned into the procurement process.	<a href="#">NSW Circular Economy Policy Statement</a>

Table 9: Economic, social and sustainable procurement outcomes

## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	<a href="#">Public Works and Procurement Regulation 2014</a>				Any			
Policy	<a href="#">Aboriginal Participation in Construction Policy</a>				<\$250,000 >\$1 million			
Policy	<a href="#">Aboriginal Procurement Policy</a>				<\$250,000 >\$1 million			
Policy	<a href="#">Board Direction 2017-05 Construction Training and Skills Development</a>				>\$10 million			
Policy	<a href="#">M2012-08 Use of Biofuels</a>				Any			
Policy	<a href="#">NSW Government Resource Efficiency Policy</a>				Any			
Policy	<a href="#">PBD 2019-03 Access to Government Construction Opportunities by SMEs</a>				<\$1 million			
Policy	<a href="#">SME and Regional Procurement Policy</a>				<\$50,000 <\$250,000 <\$1 million >\$3 million			
Guidance	<a href="#">Australian Disability Enterprises</a>				Any			

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



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Guidance	<a href="#">BuyAbility</a>				Any			
Guidance	Guide to Sustainable Procurement				Any			
Guidance	<a href="#">ISO 20400 Sustainable Procurement</a>				Any			
Guidance	<a href="#">NSW Circular Economy Policy Statement</a>				Any			
Guidance	<a href="#">OCHRE plan - NSW Government Aboriginal Affairs Strategy</a>				Any			
Guidance	Resource efficiency and waste reduction				Any			
Guidance	<a href="#">Small Business Strategy</a>				Any			
Guidance	<a href="#">Supplier Diversity</a>				Any			
Guidance	<a href="#">Supporting SMEs and Regional Businesses</a>				Any			

Table 10 References: Economic, social and sustainable outcomes

