

NSW Government
**Procurement
Policy Framework**



Section 2

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• PLAN, SOURCE, MANAGE •



Plan



Source



Manage

The Plan, Source, Manage approach

Procurements follow three stages: planning, sourcing and managing the procurement.

The Plan, Source, Manage approach identifies key policy requirements and considerations in the procurement process as practical reference for government buyers. It is not intended as a prescriptive process for all procurement. The importance of each stage depends on the size, priorities, required outcomes, risk profile and type of procurement.

The Plan and Manage stages are the most critical to creating and delivering value, and appropriate time and resources should be allocated to these activities.

Procurement Board requirements

The Procurement Policy Framework uses the Plan, Source, Manage approach to provide a structured guide to procurement process as specified in legislation, government policies and Procurement Board policies and directions. Key considerations and mandatory requirements are identified at each step in the process.

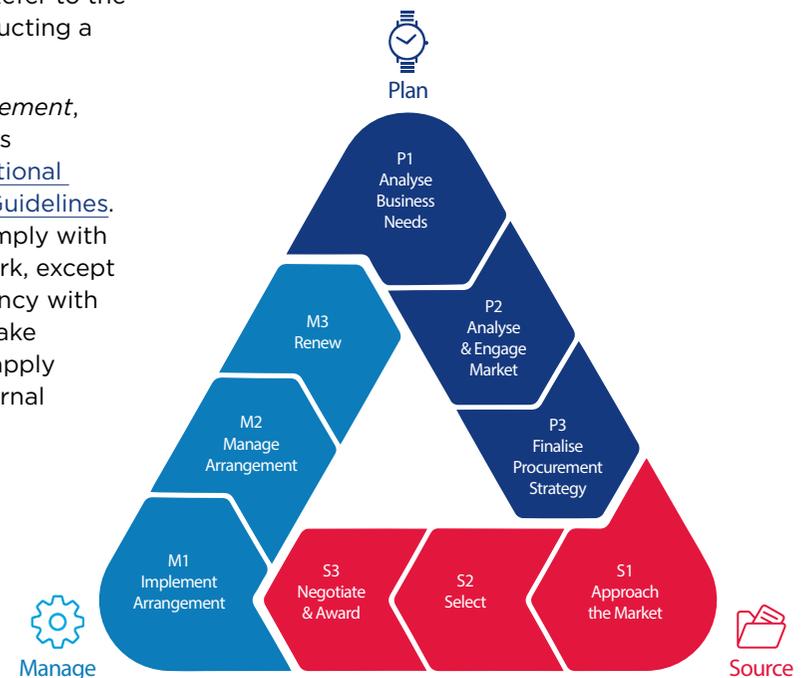
Agency policies and tendering manual

Agency procurement functions will have specific policies and procedures that need to be followed. Agency procurement manuals provide guidance on the specific agency approach to engaging with the market and managing procurement activities.

International procurement agreements

Australia is party to several international trade and procurement agreements which impact NSW government procurement. Prior to starting any procurement process, you **must first assess** if the procurement is covered by a free trade or other *international procurement agreement*. Refer to the [IPA Guidelines](#) to assess if you are conducting a *covered procurement*.

If your procurement is a *covered procurement*, your procurement approach and process **must** comply with [PBD-2017-06 International Procurement Agreements](#) and the [IPA Guidelines](#). The procurement process **must also** comply with the mandatory sections of this framework, except where there is any conflict or inconsistency with the IPA Guidelines. The IPA Guidelines take precedence over all other policies that apply to covered procurements, including internal agency policies.







Plan

Understand the procurement environment and authority to procure.

Accreditation and authority to procure

Relating to	Status	Category	Value	Obligation	Reference
Authority to procure		 	Any	You must procure according to the terms of the agency's accreditation by the Procurement Board.	List of agencies and accreditation status
			≥\$657,000	You must comply with IPA Guidelines for procurements valued over the thresholds, unless the agency or the procurement category is exempt.	PBD-2017-06 International Procurement Agreements
			≥\$9.2 million		
		 	Any	You must use whole-of-government contracts and specified prequalification schemes (see existing arrangements below) to purchase relevant goods or services, except where exemptions apply (see exemptions below).	
		 	Any	You must not split orders to avoid procurement threshold levels and/or governance requirements.	
Accredited agencies		 	Any	You must follow your agency's governance rules, including when to seek multiple quotes or go to tender, and approval requirements.	Refer to agency's policies and procedures



Accreditation and authority to procure

Relating to	Status	Category	Value	Obligation	Reference
Goods and services: Level 1 accredited agencies			>\$20 million >\$35 million >\$50 million	You may need to seek concurrence from a level 2 accredited agency or NSW procurement for the proposed procurement approach, based on the value and risk profile of the procurement (refer Section 3 Governance: 02 Accreditation for definition of level 1 and level 2 accreditation).	Accreditation Program for Goods and Services Procurement
Goods and services: Unaccredited agencies				You must follow the following processes to procure goods and services (non-construction) that are not covered under a whole-of-government arrangement:	PBD 2019-04 Approved Procurement Arrangements
			Value	Process	
			< \$10,000	Purchase from any supplier, subject to agency safety and infrastructure requirements and provided the rates are reasonable and consistent with normal market rates.	
			\$10,000 - \$30,000	Obtain at least one written quotation.	
			\$30,000 - \$650,000	<ul style="list-style-type: none"> Obtain at least three written quotations, or Conduct an appropriate procurement process approved by the agency head or an accredited agency within the cluster. 	
>\$650,000	<ul style="list-style-type: none"> Comply with the IPA Guidelines, if the agency is listed in Appendix 1 and the procurement is not exempt under Appendix 2, and Conduct a procurement process endorsed by an accredited agency within the cluster (preferred) or NSW Procurement. 				

Accreditation and authority to procure

Relating to	Status	Category	Value	Obligation	Reference		
Construction: Unaccredited and partially accredited agencies			<\$1.3 million	You may undertake construction work valued up to \$1.3 million.	PBD 2014-03C Threshold for Unaccredited Work		
			<\$1.3 million	You must , for work valued over \$1.3 million: <ul style="list-style-type: none"> Use the <i>Government Procurement System for Construction</i>, and/or Get assistance from an external provider or accredited agency, as follows (based on project value and risk profile): 	Agency Accreditation Scheme for Construction		
			Value	Risk		Accreditation	Process
			Any	H		Partial	Must obtain external support and use the <i>Procurement System for Construction</i>
			>\$50 million	M, L		Partial	
			<\$50 million	M, L		Partial	May undertake phases for which the agency is accredited without external support, and Must use the <i>Procurement System for Construction</i>
			Any	H, M		Unaccredited	Must get external support, and use the <i>Procurement System for Construction</i>
			>\$50 million	L		Unaccredited	
<\$50 million	L	Unaccredited	May undertake planning phase without external support, and Must obtain external support and use the <i>Procurement System for Construction</i> for delivery phase				
		>\$1.3 million	You must use the Risk Assessment Tool in Attachment E of the Infrastructure Investor Assurance Framework to assess the level of risk for the proposed construction project. The risk tiers aligned to risk scores are detailed in Table 4, p.16.	Infrastructure Investor Assurance Framework (Attachment E)			

  Mandatory
  Recommended
  Goods and services
  Construction
  ICT
  Human services
  Additional information



Agency procurement planning

Relating to	Status	Category	Value	Obligation	Reference	
Goods and services			Any	Accredited agencies must submit an <i>Annual Procurement Plan</i> to the Board by 31 August each financial year. The plans are also published on eTendering.	Accreditation Program for Goods and Services Procurement	
			Any	Unaccredited agencies are encouraged to publish an <i>Annual Procurement Plan</i> on eTendering.		
			Any	All clusters or individual agencies must publish an <i>Aboriginal Participation Strategy</i> .	Aboriginal Procurement Policy	
Construction				Any	Agencies accredited for construction through the Agency Accreditation Scheme for Procurement (accredited post-2015) should publish an <i>Annual Procurement Plan</i> on eTendering.	Agency Accreditation Scheme for Procurement
				>\$500 million	Agencies must publish and periodically update a <i>Construction Skills Development Plan</i> if planned construction expenditure over the four year forward estimates is >\$500 million.	PBD 2017-05 Construction Training and Skills Development
				<\$500 million	Agencies should consider publishing a <i>Construction Skills Development Plan</i> where planned construction expenditure over the forward estimates is <\$500 million, particularly if the agency has a continuing program of work.	
Category plans				Any	Agencies should develop category management plans that analyse the category market, emerging trends, risks and impact on competition.	Promoting competition
Business case				Significant proposals	You must prepare a business case to submit to Treasury for significant capital, recurrent and ICT investment proposals.	TPP18-06 NSW Government Business Case Guidelines

Agency procurement planning

Relating to	Status	Category	Value	Obligation	Reference	
Gateway review		 		You must register capital, ICT and major recurrent projects with the relevant Gateway Coordination Agency (GCA):	NSW Gateway Policy	
			Value	Project type		Gateway Coordination Agency
			>\$10 million	Capital	Infrastructure NSW	Infrastructure Investment Assurance Framework
			>\$10 million	ICT	Department of Customer Service	ICT Assurance Framework
			≥\$100M over 4 years, or ≥\$50 million pa	Major recurrent	Treasury	Recurrent Expenditure Assurance Framework
Foreign exchange (FX) risk management		 	Any	FX risk can arise when an agency purchases, sells or intends to purchase or sell goods and services either directly from/to overseas, or indirectly when goods/services are sourced overseas through domestic providers.	TPP18-03 NSW Government Foreign Exchange Risk Policy	
				Any		You must consider if the procurement is impacted, either directly or indirectly, by FX risk when planning your procurement and/or preparing a procurement strategy or business case.
				Any		You must consult with Treasury and TCorp to manage FX risk, when an FX risk is identified.
				Any		You must prepare a FX risk management plan if Treasury determines the FX Risk is a 'Substantial Risk'.

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



Selecting a procurement method

Relating to	Status	Category	Value	Obligation	Reference
Covered procurements			≥\$657,000 ≥\$9.2 million	The IPA Guidelines take precedence over all other policies that apply to covered procurements, including internal agency policies.	PBD-2017-06 International Procurement Agreements
Emergency procurements			Any	You must obtain approval from the agency head or delegate for emergency procurements.	Public Works and Procurement Regulation 2014
			Any	You must report every emergency authorisation to the Procurement Board as soon as possible via NSWP.Policy@treasury.nsw.gov.au .	
			Any	You do not have to comply with the IPA Guidelines , Procurement Board policies or directions, or the terms of accreditation for emergency procurements. You are encouraged to achieve value for money and comply with this Policy Framework where possible.	
Procurement approved by Cabinet or ERC			≥\$657,000 ≥\$9.2 million	You must assess whether the procurement is covered by an IPA and, if applicable, comply with the IPA Guidelines .	PBD-2017-06 International Procurement Agreements
			Any	You do not have to comply with other Procurement Board policies or directions if there is any inconsistency with the Cabinet or Standing Committee decision regarding the procurement.	PBD-2019-04 Approved Procurement Arrangements
			Any	You must comply with this Procurement Policy Framework, Board Directions or other policies that do not conflict with the Cabinet decision, including the need to achieve value for money.	
Supply by government entities			Any	You may purchase goods or services directly from another government entity that provides those goods or services as part of its principal functions.	TPP02-01 Policy Statement on the Application of Competitive Neutrality
			Any	The government entity providing the goods and services (i.e. the supplier) must ensure its pricing and other terms and conditions are consistent with <i>competitive neutrality</i> principles.	

Selecting a procurement method

Relating to	Status	Category	Value	Obligation		Reference	
Exemptions		 		Hint: The following exemptions are compliant with IPA obligations as they fall within exemption provisions and/or are under the thresholds for <i>covered procurements</i> .			
		 		You must check if the agency's specific requirements limit use of these exemptions due to safety, security or infrastructure considerations.			
		 		You may purchase goods and services, including construction, directly from suppliers as per the table below, even if there is a whole-of-government contract in place. Value for money remains the overarching consideration.			
				Value	Supplier type	Process	
		 		<\$10,000	Any	You may purchase from any supplier	PBD2019-04 Approved Procurement Arrangements
		 		<\$50,000	<i>Small business</i>	You may directly purchase from a small business (< 20 FTEs).	SME and Regional Procurement Policy PBD-2019-03 Construction Procurement Opportunities for SMEs
		 		<\$250,000	<i>Aboriginal owned business</i>	You may directly purchase from an <i>Aboriginal owned business</i> .	Aboriginal Procurement Policy Aboriginal Participation in Construction Policy
		 		<\$1 million	SMEs, for innovative trials	If your agency is accredited, you may directly negotiate with a SME supplier to do proof-of-concept testing or outcomes-based trials.	SME and Regional Procurement Policy PBD 2019-03
	 		No limit	<i>Disability employment organisation</i>	You may purchase goods and services from an approved <i>disability employment organisation</i> via a single written quote.	Public Works and Procurement Regulation 2014	

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



Selecting a procurement method

Relating to	Status	Category	Value	Obligation		Reference
Preferences				Hint: The following <i>preferences</i> are compliant with <i>IPA</i> obligations as they fall within exemption provisions and/or are under the thresholds for <i>covered procurements</i> .		
				You may <i>prefer</i> <i>SMEs</i> and <i>Aboriginal owned businesses</i> as per the table below, although you must ensure value for money.		
Goods and services			Value	Supplier type	Process	
			<\$250,000	SME	You must first consider purchasing from SMEs whenever permitted to purchase directly from a supplier (i.e. if not required to seek multiple quotes or issue a tender). This includes purchases using standing offers, panels or prequalification schemes.	SME and Regional Procurement Policy
			<\$250,000	<i>Aboriginal owned business</i>	You should first consider purchasing from an <i>Aboriginal owned business</i> listed on a prequalification scheme, and may directly purchase based on one written quote You may invite multiple prequalified <i>Aboriginal owned businesses</i> to participate in a <i>selective tender</i>	Aboriginal Procurement Policy
				Hint: Many <i>Aboriginal owned businesses</i> are also <i>SMEs</i> . Where there is an opportunity to use either a suitably qualified <i>SME</i> or <i>Aboriginal owned business</i> , you may choose which business type to <i>prefer</i> . If you choose to <i>prefer</i> an <i>Aboriginal owned business</i> , you do not have to <i>prefer</i> an <i>SME</i> .		

Selecting a procurement method

Relating to	Status	Category	Value	Obligation		Reference
Construction			<\$1 million	Supplier type SME	Process You must make reasonable efforts to obtain a quote from <i>SMEs</i> when using the following prequalification schemes: <ul style="list-style-type: none"> SCM1191 Construction consultant services SCM0256 General Construction Works unless an <i>SME</i> cannot reasonably provide a competitive quote.	PBD-2019-03 Access to Government Construction Procurement Opportunities by SMEs
			<\$250,000	<i>Aboriginal owned business</i>	You may directly negotiate with suitably qualified <i>Aboriginal owned businesses</i> .	Aboriginal Procurement in Construction
			<\$1 million	<i>Aboriginal owned business</i>	You may invite multiple prequalified <i>Aboriginal owned businesses</i> to participate in a <i>selective tender</i> .	
Existing arrangements		 	Any	You must use whole-of government-contracts to purchase applicable goods or services, including construction, except where the exemptions listed above apply.		PBD-2019-04 Approved Procurement Arrangements
		 	Any	You must use the following whole-of-government prequalification schemes where applicable: <ul style="list-style-type: none"> Contingent workforce Motor vehicle acquisition ICT services Office furniture Operational telecommunications Financial assessments General construction works for work valued up to \$1 million, except <ul style="list-style-type: none"> - if you issue an <i>open tender</i>, or - if you engage a local contractor for a one-off contract valued under \$30,000 and you formally invite the contractor to become prequalified. 		PBD-2019-04 Approved Procurement Arrangements PBD-2013-01C Financial Assessments PBD-2014-04C Construction Procurement Prequalification Schemes for Work Valued to \$1 million

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



Selecting a procurement method

Relating to	Status	Category	Value	Obligation	Reference
Existing arrangements			Any	You are encouraged to use the other whole-of-government prequalification schemes.	Whole-of-Government prequalification schemes
			Any	You must check if your agency requires you to use any agency-specific standing offers, panel contracts or other arrangements.	
			Any	You should check if your agency has any pre-existing contracts, panels or prequalification schemes in place that meet your needs.	
			Any	You may use another agency's contracts, panels or prequalification schemes through a <i>piggybacking</i> clause.	Agency procurement arrangements
			Any	You may seek quotes or tenders from businesses listed on a Standing Offer Notice or Multi-Use List published on the Australian Government's AusTender website.	PBD 2014-07 Recognising Suppliers to Australian Government

Creating a new procurement arrangement

Relating to	Status	Category	Value	Obligation	Reference
Engaging with the market		 	≥\$657,000 ≥\$9.2 million	PBD-2017-06 International procurement agreements has changed your market engagement options.	PBD-2017-06 International Procurement Agreements
		 	Any	If you need to engage with the market to select a new supplier, the market engagement method must : <ul style="list-style-type: none"> • achieve value for money • be fair and transparent • ensure maximum competition in the market. 	
Construction			Any	You should 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.	Construction Industry Leadership Forum (CILF) Practice Notes
Covered procurements		 	≥\$657,000 ≥\$9.2 million	You must comply with the IPA Guidelines if the procurement is covered by an <i>International Procurement Agreement (IPA)</i> , i.e. is a <i>covered procurement</i> . The procurement is a <i>covered procurement</i> if: <ul style="list-style-type: none"> • the agency is listed in Appendix 1 of the IPA Guidelines, and • it will result in any form of contract, and • the estimated value is: <ul style="list-style-type: none"> - ≥\$657,000 for goods and services or - ≥\$9.2 million for construction services or - not known, and it is not exempt under Appendix 2 of the IPA Guidelines .	PBD-2017-06 International Procurement Agreements
		 	≥\$657,000 ≥\$9.2 million	You must use the following types of market engagement for <i>covered procurements</i> : <ul style="list-style-type: none"> • <i>open approach to market</i> (default) – a public notice inviting any supplier to participate in an open tender or an initial open stage of a multi-stage procurement • <i>limited tender</i> – one or more suppliers of your agency’s choice are directly invited to make a submission. <i>A limited tender</i> may only be used if the procurement meets the conditions specified in the IPA Guidelines. 	

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



Creating a new procurement arrangement

Relating to	Status	Category	Value	Obligation	Reference	
Covered procurements				≥\$657,000 ≥\$9.2 million	You must prepare and keep a written report for each contract awarded by <i>limited tender</i> that includes: <ul style="list-style-type: none"> the value and type of goods or services the circumstances and conditions that justified the use of the limited tender. 	PBD-2017-06 International Procurement Agreements
				≥\$657,000 ≥\$9.2 million	You must not discriminate against suppliers due to foreign affiliation or ownership, location or the origin of their goods or services.	
				≥\$657,000 ≥\$9.2 million	You must not apply any condition or undertaking to <i>covered procurements</i> that requires the use of Australian or NSW content, an Australian or NSW supplier, or similar actions to encourage local development, except for the exempt <i>measures and preferences</i> listed in Appendix 2, IPA Guidelines .	
				≥\$657,000 ≥\$9.2 million	Procurements using an existing <i>standing offer, panel arrangement or whole of government contract</i> do not have to comply with the IPA Guidelines , provided the initial arrangement was established following an <i>open approach to market</i> that complied with the IPA Guidelines, and you comply with the arrangement's rules of use. Procurements using an established <i>procurement list or prequalification scheme</i> do not have to comply with the IPA Guidelines , provided the list or scheme was established in accordance with the IPA Guidelines. You must comply with the rules of the list or scheme, and ensure the suppliers you invite to submit tenders are selected in a fair and non-discriminatory manner. Arrangements established prior to the Board issuing PBD-2017-06 (22 November 2017) can continue to be used.	

Creating a new procurement arrangement

Relating to	Status	Category	Value	Obligation	Reference
Innovation and non-traditional approaches to procurement		 	Any	You should consider innovative and non-traditional approaches to procurement, subject to meeting legislative and policy requirements, such as: <ul style="list-style-type: none"> commissioning and contestability Public Private Partnerships. 	Commissioning and Contestability Policy TPP17-07 NSW Public Private Partnerships Guidelines National Public Private Partnerships Policy and Guidelines
Unsolicited proposals		 	Any	The government may consider <i>unsolicited proposals</i> from industry to explore unique and innovative ideas. An <i>unsolicited proposal</i> is a proposal to deal directly with the government over a commercial proposition, where the government has not requested the proposal (full definition in Glossary).	Unsolicited proposal process
		 	Any	<i>Unsolicited proposals</i> must be forwarded to the Department of Premier and Cabinet for assessment. <i>Unsolicited proposals</i> must not be used as a substitute for routine competitive procurement or to bypass tender processes.	
Complex market engagement methods		 	Any	You may use a complex market engagement method, such as direct negotiations (i.e. <i>limited tender</i> with one supplier) or managed services contracts.	Complex Market Engagements
		 	Any	You must , when considering a <i>complex market engagement</i> : <ul style="list-style-type: none"> ensure the procurement process complies with the IPA Guidelines, if it is a <i>covered procurement</i> ensure the procurement strategy justifies the procurement method, including a comprehensive analysis of the market that demonstrates it is the most suitable approach demonstrate, for a direct negotiation, that a competitive process does not need to, or cannot, be conducted but value for money can still be achieved conduct a risk assessment, including addressing the procurement process risks arising from the procurement method. 	

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



Creating a new procurement arrangement

Relating to	Status	Category	Value	Obligation	Reference	
Complex market engagement methods				Any	<ul style="list-style-type: none"> The officer approving the complex market procurement method must be satisfied that the agency will satisfy its legislative and policy obligations in relation to the procurement. 	Complex Market Engagements
Resource efficiency and the circular economy				Any	You should consider the product lifecycle when conducting needs analysis and developing product specifications, including <i>circular economy</i> principles, so that reuse, repurposing, recycling and/or disposal of goods or assets is planned into the procurement process.	NSW Circular Economy Policy Statement Government Resource Efficiency Policy

References

Type	Reference	Status	Category	Value	Plan	Source	Manage	
Legislation	Public Works and Procurement Regulation 2014				Any			
Policy	Aboriginal Participation in Construction Policy (APIC)				<\$250,000 >\$1 million			
Policy	Aboriginal Procurement Policy (APP)				<\$250,000 >\$1 million			
Policy	Accreditation Program for Goods and Services Procurement				Any			
Policy	Agency Accreditation Program for Procurement (for construction accreditation gained post-2015)				Any			
Policy	Agency Accreditation Scheme for Construction (for construction accreditation gained pre-2015)				Any			

References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Policy	C2017-05 Unsolicited Proposals				Any			
Policy	Government Resource Efficiency Policy				Any			
Policy	ICT Assurance Framework				>\$10 million			
Policy	Infrastructure Investment Assurance Framework				>\$10 million			
Policy	National Public Private Partnerships Policy and Guidelines				Any			
Policy	NSW Circular Economy Policy Statement				Any			
Policy	NSW Gateway Policy				>\$10 million			
Policy	NSW Public Private Partnerships Guidelines (TPP17-07)				Any			
Policy	PBD-2013-01C Financial Assessments				>\$1 million			
Policy	PBD2014-03C Agency Accreditation Scheme for Construction - threshold for unaccredited agencies				>\$1.3 million			
Policy	PBD-2014-04C Construction Procurement Prequalification Schemes for Work Valued to \$1 million				<\$1 million			
Policy	PBD 2014-07 Recognising Suppliers to Australian Government				Any			
Policy	PBD 2017-05 Construction Training and Skills Development				>\$10 million >\$500 million			
Policy	PBD-2017-06 International Procurement Agreements				≥\$657,000			

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



References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Policy	PBD-2017-06 International Procurement Agreements				≥\$9.2 million			
Policy	PBD 2019-03 Access to Construction Contracting Opportunities by SMEs				<\$1 million			
Policy	PBD 2019-04 Approved Procurement Arrangements				Any			
Policy	SME and Regional Procurement Policy				<\$50,000 <\$250,000 <\$1 million >\$3 million			
Policy	TPP02-01 Policy Statement on the Application of Competitive Neutrality				Any			
Policy	TPP16-05 Commissioning and contestability policy				Any			
Policy	TPP18-06 NSW Government Business Case Guidelines				Significant			
Policy	TPP19-03 Recurrent Expenditure Assurance Framework				≥\$50 million pa ≥\$100 million over 4 years			
Guidance	Commissioning and Contestability Practice Guide				Any			
Guidance	Construction Industry Leadership Forum (CILF) Practice Notes				Any			
Guidance	Complex market engagement methods				Any			
Guidance	Market approaches guide				Any			
Guidance	Promoting competition				Any			

Table 11 References: Plan

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

