



Australian Government

AusAID

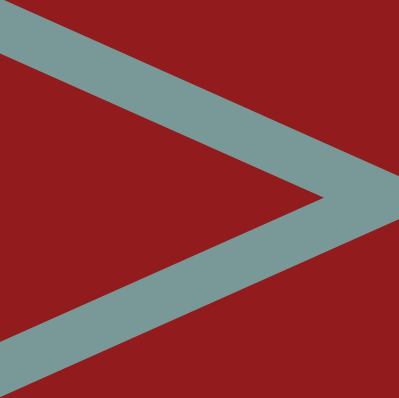
AusAID's Procurement Policy Framework: a guide for business

1 JULY 2005

www.ausaid.gov.au



AusAID is one of the Australian Government's major purchasers of goods and services. Suppliers play a substantial role in delivering the aid program and provide access to specialist expertise and implementation capability.



If you are interested in doing business with AusAID, then it is important to gain an understanding of the policy framework within which AusAID's procurements are made.

Other key sources of information and assistance for suppliers, including on AusAID's purchasing process, where to find opportunities and how to win AusAID's business are listed at the end of this flyer.

AUSAID'S PROCUREMENT POLICY FRAMEWORK

AusAID procures its goods and services in accordance with:

- > the Commonwealth Procurement Guidelines (the Guidelines) issued by the Minister for Finance and Administration;
- > government legislation and other policies that interact with government procurement, including AusAID's Eligibility Criteria; and
- > AusAID's Chief Executive Instructions and internal procurement policies aligned to the Guidelines, including AusAID's policy on mandatory procedures for Australia's aid program procurements.

WHAT ARE THE COMMONWEALTH PROCUREMENT GUIDELINES ?

The Guidelines establish the overarching policy framework and principles for government purchasing and set mandatory procedures for various procurements. Significant government legislation and other government policies that interact with government procurement are also detailed in the Guidelines.

Value for money is the core principle underlying government procurement and is enhanced through the application of the associated principles:

- > encouraging competition through appropriately competitive and non-discriminatory procurement processes;
- > efficient, effective and ethical use of resources; and
- > accountability and transparency.

To ensure consistency of application of the Australian Government's procurement principles across departments and agencies, the Guidelines establish mandatory procedures for procurements depending on the value and nature of the goods and services being purchased.

Where the mandatory procedures apply, government procurements must be openly tendered in accordance with the procedures in the Guidelines, with limited options for directly sourcing suppliers. The open tender procedures include those for publishing tender conditions and content, specifying conditions of participation and technical requirements, amending tender documents, setting time limits and awarding contracts.

AUSAID'S MANDATORY PROCEDURES FOR AUSTRALIA'S AID PROGRAM PROCUREMENTS

Australia's aid program procurements, irrespective of their value, are exempt from the mandatory procedures in the Guidelines. This exemption, however, does not preclude AusAID from adopting better practice policies and procedures.

As of 1 July 2005, AusAID has elected to apply the mandatory procedures to Australia's aid program procurements above a value threshold, while retaining the discretion to apply the exemptions to:

- > aid program procurements from other Commonwealth, State or Territory or Local government entities where no commercial market exists or where government legislation or policy requires a Government provider; and
- > other extraordinary aid program procurements.

By following this policy AusAID offers suppliers a more consistent process, that is efficient, effective, transparent, accountable and equitable for all competing suppliers.

AUSAID'S VALUE THRESHOLDS

AusAID's Value Thresholds for applying the mandatory procedures, where an exemption is not applied, are:

- > \$80,000 for purchasing goods and services for the AusAID's own use (non-construction);
- > \$500,000 for Australia's aid program procurements (non-construction); and
- > \$6m for construction procurements.

AUSAID'S ELIGIBILITY CRITERIA

For some procurements, AusAID's Eligibility Criteria specify where suppliers must carry on business to be eligible to tender. The restrictions are dependant on the nature of the goods and services being purchased and the recipient country involved. AusAID's Eligibility Criteria are government policy and supersede any non-discriminatory provisions in the Guidelines.

BUSINESS OPPORTUNITIES BELOW THE THRESHOLD

Below the threshold AusAID has substantial flexibility to decide on purchasing methods and processes appropriate to the scale, scope and relative risk of the purchase. While AusAID has greater flexibility below the threshold, the focus is still on applying the government's procurement principles.

Purchasing methods below the threshold include:

- > an over-the counter purchase;
- > limited invitation to one or more suppliers for quotes or tenders;
- > direct procurements from suppliers on a Period Offer (AusAID's panel arrangements awarded through an open tender process); and
- > open tender process.

As many of these methods are not publicly advertised it is important for suppliers to get to know AusAID, build relationships with other market players and promote their products and services as a value for money proposition for AusAID.

BUSINESS OPPORTUNITIES ABOVE THE THRESHOLD

The mandatory procedures in the Guidelines apply above the threshold and for the most part will mean procurements are openly tendered. There are very few circumstances for direct sourcing a supplier above the threshold and select tendering is only available, following an open tender process to short list suppliers (either after inviting expressions of interest from the market or selecting from a multi-use list).

PROCUREMENTS MADE BY AUSAID'S SUPPLIERS UNDER CONTRACT

Suppliers with whom AusAID has a contract, are required in accordance with AusAID's standard contract terms and conditions to conduct their procurements under the contract in accordance with the Guidelines.

For contracts with AusAID signed after 1 July 2005, contractors will also be required to apply AusAID's policy on the mandatory procedures for Australia's aid program procurements.

For contracts signed before 1 July 2005, contractors are encouraged to apply AusAID's policy on the mandatory procedures for Australia's aid program procurements.

USEFUL LINKS

AUSAID'S BUSINESS WEBSITE

<http://www.ausaid.gov.au/business>

AusAID's business website provides links to AusAID's latest business news and consultants alerts, advice on winning AusAID's business and working in the aid program, pipeline and current business opportunities, major contracts awarded, contracting policy (including AusAID's Eligibility Criteria and Contracts Charter) and other useful publications.

DEPARTMENT OF FINANCE AND ADMINISTRATION

<http://www.finance.gov.au>

The Department of Finance and Administration website includes the Commonwealth Procurement Guidelines and a starting guide for businesses entitled "Selling to the Australian Government: April 2005 — A guide for business".

AUSTENDER

<http://www.tenders.gov.au>

AusTender is the Australian Government's website for advertising current business opportunities, AusAID's Annual Procurement Plan, as well as information on contracts awarded.

FURTHER ASSISTANCE ON AUSAID'S PROCUREMENT POLICY FRAMEWORK

Suppliers requiring further assistance on understanding or applying AusAID's procurement policies may contact AusAID's Corporate Contracting and Policy Section on (02) 6206 4000.



More information about AusAID
is available online at www.ausaid.gov.au

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