

PROCUREMENT GLOSSARY

Instructional Terms

The following instructional terms are used throughout the South Australian Government Procurement Framework policies and schedules:

Term	Definition
Will	is required to; definitely occur. This is a definite term and no other interpretation will be applied. Within the policies and guidelines the terms 'will' and 'must' are used interchangeably and have the same meaning.
Must	is required to; definitely occur. This is a definite term and no other interpretation will be applied. Within the policies and guidelines the terms 'will' and 'must' are used interchangeably and have the same meaning.
May	will occur if other conditions are met. Used to express a possibility. It is used in the policies and guidelines when further action is contingent upon approvals.
Should	is preferred. A suggested course of action that is not required but is likely to be better than all other actions possible. It is used in the policies and guidelines when a choice of actions is available, in order to suggest the preferred choice under ideal conditions.

Glossary

The following terms (and their common acronym where applicable) are used throughout the South Australian Government Procurement Framework and related documents, including Policies, Schedules, Guidelines, Tools and Templates as well as other related government documents.

Term	Definition
(eligible) Aboriginal Business	As defined by the South Australian Industry Participation Policy.
Aboriginal Community Controlled Organisation	An 'Aboriginal Community Controlled Organisation' is an incorporated Aboriginal organisation initiated by the Aboriginal Community and is Governed by an Aboriginal Body elected by the Aboriginal Community.
Accountability	'Accountability' means that public officers are responsible for the actions and decisions that they take in relation to the procurement process and outcomes.
Acquisition	The acquiring of goods or services (including construction) via a contract by a public authority to meet an identified need.
Acquisition Plan	'Acquisition plan' means a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement
Acquisition Planning	'Acquisition Planning' means the process to plan a procurement. It begins by defining what need the goods, services or works will address, associated risks, complexity, market analysis, market approach, evaluation and contract management. The planning may commence months or years prior to the approval of an acquisition plan.
Across Government Contracts	'Across-government contracts' are a form of standing offer developed by a central public authority. The objective of these contracts is to achieve strategic outcomes for the public sector through procurement



PROCUREMENT GLOSSARY

Term	Definition
	activity and centralise the evaluation of offers to determine technical compliance; the negotiation of terms and conditions; and contract development.
Alternative Offer	An 'alternative offer' means any offer that does not conform with the exact requirement set out by the Authority in the tender documents, but does achieve the desired outcomes through using different technology, methodology, goods etc.
ANZ Government Procurement Agreement (ANZGPA)	The 'Australian New Zealand Government Procurement Agreement' is an agreement between the Australian, State, Territory and New Zealand Governments, which provides for the equal treatment of Australian and New Zealand suppliers in the procurement and supply of goods or services. The objective of the ANZGPA is to maximise opportunities for competitive Australian and New Zealand suppliers and reduce the costs of doing business for government and industry. The ANZGPA applies to the procurement of goods, services and construction (as defined in the ANZGPA) by South Australian Government bodies, including public authorities, statutory authorities and other bodies controlled by the SA Government.
Approach to market	Is a term defined in Treasurer's Instructions 18 Procurement
Asset	Is a term defined in Treasurer's Instructions 18 Procurement
Australian Disability Enterprise	An 'Australian Disability Enterprise' is a not-for-profit organisation with charitable status, which provides meaningful employment for people with significant disability who would otherwise not be able to work. It may make products or provide services.
Bid	A 'bid' is an offer by one party to enter into a legally binding contract with another party, often used interchangeably with offers, quotes, tenders, proposals and submissions.
Business Case	A 'business case' is a management tool that supports decision making for a project. It sets out the reasons for a specific project, considers alternative solutions and identifies assumptions, constraints, benefits, costs and risks. An authority may choose to complete a business case prior to the development of an acquisition planning process.
Capability	'Capability' means ensuring persons, resources, systems and processes are matched to the requirements of a procurement activity - ensuring sufficient expertise is in place to carry out the procurement successfully.
Capability Assessment	'Capability assessment' means the public authority's annual review of capability to ensure appropriate levels of procurement expertise, resources, systems and processes to achieve procurement objectives and manage risks.
Capability Development Plan	'Capability Development Plan' means the public authority's annual plan for responding to the identified development needs relating to procurement expertise, resources, systems and processes.
Capacity	'Capacity' describes a public authority's ability to execute specific strategies. It is also the ability, measured in quantity and quality, to perform, produce, manage or achieve a particular process and/or objective.
Category	Procurement 'Category' are groupings of similar goods or services with





PROCUREMENT GLOSSARY

Term	Definition
	common supply and demand drivers and suppliers. Professional services are an example of a services category, with sub-categories such as consultancy services and audit services.
Category Management	'Category Management' is a strategic approach to procurement where organisations segment their spend into areas which contain similar or related products enabling focus opportunities for consolidation and efficiency.
Central Procurement Unit	A body separate from individual business units within a public authority which manages the public authority's procurement function. A 'Central Procurement Unit' <i>may</i> be established by a public authority to govern the public authority's key procurement functions.
Chief Executive	'Chief Executive' has the same meaning as a "Chief Executive Officer" defined in section 4 of the <i>Public Finance and Audit Act 1987</i> .
Code of Ethics	The ' Code of Ethics for the South Australian Public Sector' is a document issued under the <i>Public Sector Act 2009</i> , where it is referred to as the Code of Conduct. It builds on the principles outlined in the Act and sets out the professional standards expected of every employee.
Common Use Arrangements (CUA)	'Common Use Arrangements', such across government or lead agency contracts, are contracts for commonly bought goods or services by government. Some CUAs are mandatory for all public authorities, and offer pre-negotiated pricing, efficiencies for ordering and risk mitigation.
Communities of Practice (CoP)	'Communities of Practice (CoP)' are working groups established to assist public authorities to improve their procurement capability and practice through: ▪ sharing good practice in procurement ▪ identifying lessons learned on matters of common concern ▪ identifying opportunities for public authorities to share capability and expertise, including areas where experienced and specialist procurement professionals could partner with other public authorities to improve procurement outcomes ▪ benefiting from advice and discussion with the owners of government policies that are relevant to procurement, including the not-for-profit contracting reforms and the Industry Advocate, in order to improve understanding and practice ▪ identifying opportunities to reduce unnecessary costs to procurement and business in procurement policy, practice and process.
Competitive Dialogue	'Competitive dialogue' is a procurement approach that enables the purchaser to enter into detailed discussions once market and vendor capability have been determined. It differs from more traditional approaches as the specifications are developed and refined with each supplier during the procurement process.
Complaints Management Framework	'Complaints Management Framework' means the systems, practices and processes in place within a public authority to manage supplier complaints at any stage of the procurement process.
Complexity	'Complexity' means the level of difficulty involved in buying goods or services. An assessment of complexity considers a broad range of





PROCUREMENT GLOSSARY

Term	Definition
	factors including risk, whole of life cost and what's happening in the market.
Complexity Assessment	'Complexity assessment' means the determination of a procurement and contract management process as either: ▪ transactional, ▪ routine, ▪ complex, or ▪ strategic The procurement complexity will determine the requirements of the individual procurement process.
Conflict of Interest	'A conflict of interest' occurs when a public officer's interests or the interests of someone close to that public officer (whether financial or otherwise) influences, may influence or could be perceived to influence, the public officer's actions and the proper outcome of a decision or process. Conflicts of interest can take various forms – direct, indirect, financial and non-financial – and can arise as a result of private interests, personal or business associations, conflicting duties, and the provision and/or receipt of gifts, benefits or hospitality
Consequence	'Consequence' is a risk term which means the outcome or impact of an event affecting the procurement objectives. The consequence may be expressed qualitatively or quantitatively. A public authority may have its own risk assessment criteria matrix which defines the consequence criteria for the public authority depending on the public authority's risk appetite.
Construction Project	Is a term defined in Treasurer's Instructions 18 Procurement
Construction Work	Is a term defined in Treasurer's Instructions 18 Procurement
Consultant	'Consultant' means a person or entity engaged by a public authority for a specified period to carry out a task where— ▪ the task requires specialist skills and knowledge that the public authority has determined to acquire under a contract for services; and ▪ the objectives of the task will be achieved by the person or entity free from direction by the public authority as to the way in which the task is to be performed and in circumstances where the employment of a person under normal circumstances is not a feasible alternative for the public authority.
Contract	A 'contract' is a legally binding agreement (verbal or written) between two or more organisations, signed by the appropriate authorised persons, to undertake or perform a specific task or activity.
Contract Administrator	The 'Contract Administrator' is the person responsible for performing administrative activities over the contract management lifecycle.
Contract Leakage	'Contract leakage' refers to the volume of purchases with suppliers other than the contracted suppliers for a given category. Contract leakage can dilute the influence of the public authority in the market and can also add to the time and cost of another procurement exercise. Good practice is to try to minimise contract leakage, or at the very least explore the reasons behind contract leakage.
Contract Management / Active	'Contract Management' means allocating a contract manager and





PROCUREMENT GLOSSARY

Term	Definition
Management	actively managing a contractual relationship between a supplier and public authority, including, but not limited to, actively reviewing and monitoring performance, identifying and addressing risks and disputes that arise, to achieve the agreed contractual outcomes.
Contract Management Framework	'Contract Management Framework' means the strategic, organisational and transactional level requirements for managing contracts across a public authority that align with the Contract Management Policy.
Contract Management Plan	A 'contract management plan' is a document identifying key strategies, activities and tasks required for managing a contract including but not limited to roles and responsibilities, timelines, performance management and financial matters.
Contract Manager	The 'Contract Manager' is the person responsible for managing the day-to-day activities of the contract and is the single point of contact for suppliers on all contract matters.
Contract Management Policy	'Contract Management Policy' means the policy by that name approved by the Treasurer and administered by Procurement Services SA, establishing the requirements for effective contract management.
Contract Owner	The 'Contract Owner' is the person responsible for the strategic oversight of the contract, and achievement of outcomes, and accountable for the budget/cost centre that funds the contract.
Contract Register	'Contract Register' means the register established by public authorities to record details of all goods, services valued above \$55,000, including secondary contracts under established panel contracts.
Contract Renewal	Contracts due for renewal are those existing contracts with an available extension option.
Contract Review	'Contract Review' means an assessment of contracts to determine whether: - the contract continues to deliver value for money; and - there is opportunity for improvement and/or innovation.
Contract value	For the purpose of Treasurer's Instruction 8, the 'contract value' should only include: - the value committed to, - expenditure incurred, or - the potential expenditure to be incurred by the public authority under a specific contract with a supplier. The contract value should not include other cost elements included in whole-of-life costing that will not be incurred under the applicable contract.
Contract Variation	A 'contract variation' is an addition or alteration to the terms of the original contract that is mutually agreed to by both parties to the contract. Variations may be proposed by either party and may refer to adding, removing or changing an existing contract provision.
Contractor	'Contractor' means an individual or organisation engaged under a contract (other than an employee) to provide goods and/or services to a public authority. Key characteristics of a contractor: Performs routine/core business tasks





PROCUREMENT GLOSSARY

Term	Definition
	- The tasks generally would not differ materially from those of employees working in the same area - Tasks are generally supervised by an employee of the public authority - The contract will specify the name/names of individuals performing the tasks - Generally the service provided does not include a recommendation, or if a recommendation is included it is only part of performing a 'routine' task - General research/investigation may be carried out as part of performing a 'routine' task - The contractor operates as an independent business entity - The contractor takes responsibility for risks - The contractor engages or employs staff and has the right to delegate work to be performed - There is a desired result in a written contract - The contractor is bound by contractual requirements to rectify defects - The contractor contributes to capital, resources etc.
Control	A 'control' is a measure put in place that modifies risk. It may be an existing process, policy, device, practice or other action that minimises negative risk or enhances positive opportunities. An assessment of the controls may be required to determine the controlled risk rating for each risk. Control measures are throughout the public authority at all levels and in all functions.
Debrief	A supplier 'debrief' provides a supplier with an accurate and detailed understanding of the selection process, and the satisfactory parts of their response and areas for improvement. A debrief can be provided to both successful and unsuccessful suppliers.
Demand Management	'Demand management' is a planning methodology used to forecast, plan for and manage the demand for products and services. Public authorities may use this to minimise internal consumption and thus minimise costs. Public authorities may seek to ensure the right services are delivered to communities when and where it is needed, for the best cost
Departure	A 'departure' is a decision and/or conduct which is or would be contrary to, or not wholly in accordance with, the requirements of Treasurer's Instructions 18 or the respective policy. Under the <i>Public Finance and Audit Act 2002</i>, a person who contravenes or fails to comply with Treasurer's Instructions is guilty of an offence and is subject to penalties. A departure from policy may result in adverse audit findings from the Auditor-General's Department.
Direct Market Approach (Single Source)	Is a term defined in Treasurer's Instructions 18 Procurement
Discount	A 'discount' is a reduction of a sum of money, or set price, by a specified or calculated amount prior to payment. For example, \$1000 discount or 10% discount. It can be applied to the price of a product or





PROCUREMENT GLOSSARY

Term	Definition
	an amount owing.
Dispute Resolution	'Dispute resolution' means the process resolving disputes that arise in the contract management phase, managed in accordance dispute resolution process set out in the contract
DTF Client Services Procurement	'DTF Client Services Procurement' means the team established within Procurement Services SA, DTF, which provides expert management of goods and service procurement processes under a fee-for-service arrangement) for public authorities that have determined they have insufficient internal capability for certain procurements.
Due Diligence	'Due diligence' means the process of reviewing and analysing in detail a supplier's ability to meet future contract performance requirements. This may include a detailed assessment of the supplier's financial stability, legal risks, technical capability, resource capacity and infrastructure.
Emergency Situation Procurement	An 'emergency situation procurement' means a procurement undertaken by public authorities in response to a declared emergency in accordance with the provisions of the State Emergency Management Plan, or formal arrangements outlined in other state or commonwealth emergency service related legislation. For a procurement to be eligible the emergency must be formally declared by the Commissioner of Police in their capacity as State Co-ordinator (at some point either before or after) and the procurement must be consistent with the response measures required under the Agency's approved Hazard Plan.
End-User	'End-User' means the intended recipient who will use the good or service that is being procured. This may be within the public authority or within the community.
eProcurement	The online conduct of business-to-business procurement processes using web based applications.
Established Government Facility	'Established government facility' means South Australian state government owned and managed agencies, organisations, entities or statutory authorities that are able to provide goods or services to other areas of state government. For example, the provision of training services from TAFE SA. For the avoidance of doubt, it does not mean local government owned and managed entities, organisations or statutory authorities, or those of other state, territory or Federal governments.
Ethical Behaviour	'Ethical behaviour' refers to behaviour that is honest, proper and ethical in dealings with suppliers and other stakeholders.
Evaluation Criteria	'Evaluation criteria' means the criteria used to evaluate the compliance of suppliers' offers. The evaluation criteria, either mandatory, weighted or non-weighted, provide a standard against which the public authority will evaluate the quantitative (financial) and qualitative (non-financial) elements of suppliers' offers to identify the best fit-for-purpose, value for money solution.
Evaluation Plan	An 'evaluation plan' sets out the plan of the processes that will be followed in evaluating the quotes, suppliers, offers, received. It includes timing, membership and weightings.





PROCUREMENT GLOSSARY

Term	Definition
Expenditure	Is a term defined in Treasurer's Instructions 18 Procurement
Forward Procurement Plan (FPP)	'Forward Procurement Plan' means the plan published by Procurement Services SA on behalf of all public authorities to inform prospective suppliers about future procurement opportunities.
Free Trade Agreements (FTA)	'Free Trade Agreements' means International Agreements that support free trade, formed between the Australian federal Government and other national governments, including obligations for undertaking government procurement. These Agreements are binding on the South Australian Government.
Goods	'Goods' are defined as tangible supplies and assets
Heads of Procurement (HoP)	'Heads of Procurement' means the committee of that name established by the Department of Treasury of Finance. HoP comprises a large group of public authority procurement leaders which gathers regularly to discuss emerging issues and changes relating to government procurement. HoP has a strategic role in assisting Procurement Services SA to deliver improved procurement outcomes across the public sector.
Industry Advisory Group (IAG)	'Industry Advisory Group' means the group established by the Treasurer to develop a closer working relationship between government and industry, and small business champions within the context of the South Australian government procurement activities.
Industry Advocate	The 'Industry Advocate' means the person appointed by the Governor and holding or acting in the office of the Industry Advocate under the <i>Industry Advocate Act 2017</i> and undertaking the functions as per the Act including to take action to further objectives of the SAIPP.
Industry Engagement	'Industry engagement' involves activity whereby public authorities exploring the capabilities of suppliers and potential suppliers to become informed buyers. It can assist in maximising opportunities, building relationships, and sharing information.
Inherent Risk	The inherent risk represents the level of risk that exists in the absence of controls.
Intellectual Property	Any patent, copyright, trademark (whether registered or unregistered), trade name, business name, company name, trade secret, know how, discovery, invention, secret process, design, semiconductor or circuit board layout right, improvement in procedure, innovation, confidential information, any right to register any type of intellectual property right or any other intellectual property right created, invented, made or discovered.
Internal Biennial Review	'Internal Biennial Review' means the internal review (initiated by the Chief Executive of a public authority every two years) to assess the extent to which its procurement and contract management processes have been undertaken in line with its internal procurement framework. The internal review will be supported by the public authority's internal audit function or similar independent from the procurement function.
Internal Procurement framework	'Internal procurement framework' means governance arrangements and policies in place within a public authority to satisfy the requirements of Procurement Services SA's policies.





PROCUREMENT GLOSSARY

Term	Definition
International Obligations	'International obligations' are legal obligations in relation to the Free Trade Agreements that the majority of public authorities are required to comply with where the South Australian Government is a party to these agreements.
Invitation for Expression of Interest (EOI)	An 'invitation for Expression of Interest' means a formal request inviting suppliers to express interest in supplying goods and/or services, and the first step in a multi-stage procurement process. An EOI may be used to shortlist based on capability and capacity for the second stage, and/or to obtain further information from suppliers on the goods and services being sought to inform the second stage procurement process. A standard Invitation for Expression of Interest template has been issued by Procurement Services SA.
Invitation to Supply (ITS)	'Invitation to Supply' means a formal request inviting offers to supply goods and/or services from suppliers. A standard Invitation to Supply template has been issued by Procurement Services SA.
Lead Agency Contract	A 'lead agency contract' is an arrangement where a public authority is the prime user of the good or service and where one or more other public authorities may also use the arrangement.
Liability Limit	'Liability Limit' means a limit placed on the financial consequences of a supplier's actions.
Likelihood	'Likelihood' is a risk term that looks at the chance / probability / frequency of an event happening that may impact on the procurement objectives. A public authority may have its own likelihood table which defines the risk criteria or ratings for that public authority.
Limited Market approach	A 'limited market approach' is a sourcing strategy where a limited number of suppliers (but greater than one) are invited to submit an offer.
Innovative Business	An 'Innovative Business' is a business with innovative products, processes, technologies, and services that has the potential for broad market up-take locally, nationally and internationally. For the purpose of the South Australian Industry Participation Policy a 'local' innovative business is one that is a business based in South Australia.
Major Project	Is a term defined in Treasurer's Instructions 18 Procurement
Market Analysis	'Market Analysis' means the process of researching and gathering information about the supply market from which the required goods or service will be procured to inform the development of an appropriate acquisition strategy. Market analysis will assess market capability, capacity and willingness to achieve the desired outcomes.
Multi-stage process	A 'multi-stage process' is combination of market approaches to help identify the best supplier in a particular market. The first stage will often limit the number of potential suppliers to those that can demonstrate the requisite capability.
Multi-Use List (also referred to as a Pre-Qualified List)	A multi-use list comprises a list of pre-qualified suppliers who have met an established set of criteria for a particular category of work. Suppliers may be selected from within an approved multi-use list for that category of work and required to meet other evaluation and





PROCUREMENT GLOSSARY

Term	Definition
	performance criteria during any formal procurement process ('secondary procurement process') subsequently undertaken. A multi-use list differs from a panel contract.
Negotiation	'Negotiation' means a process between two or more parties seeking to reach a mutually satisfactory agreement on, or settlement of, a matter of common concern. In procurement, this may be the process of finalising the terms and conditions of an agreement or contract, through discussions between buyer and seller.
Not-for-Profit (NFP)	In accordance with Premier and Cabinet Circular -044 Funding Policy for the Not-for-Profit Sector, 'Not-for-profit' means an organisation that does not operate for the profit, personal gain or other benefit of particular people. <i>Not-for-profit organisations</i> consist of two broad categories: (a) charities which must be registered with the Australian Charities and Not-for-profits Commission (charities can be further broken down into the following types: public benevolent institutions, health promotion charities and other charities) (b) other types of not-for-profit organisations such as community service organisations, professional and business associations, sporting and recreational clubs and cultural and social societies.
Offer	'Offer' means the documents constituting an offer lodged by a supplier to meet the public authority's requirement in accordance with the invitation to supply. This may also be known as a quote, tender, response, proposal, submission, bid or registration.
Open Market Approach	An 'open market approach' is an approach to market where an invitation for suppliers to submit offers is open to all interested suppliers.
Panel Contracts	A 'panel contract' is a contractual arrangement established between a public authority and at least two suppliers for the anticipated provision of goods or services, as and when required, over a specified period of time.
Post Contract Review (or Contract Closure)	A 'post contract review' is the review at (or near the end of) a contract period to consider how the contract has performed in relation to the KPIs and the original performance goals of the contract.
Post Sourcing Review	A 'post sourcing review' is a review after the purchase recommendation has been approved evaluating the extent to which the sourcing or market approach phase of the procurement project met the original procurement objectives. A post sourcing review enables all of the issues to be addressed by considering lessons learned and contribute to continuous improvement.
Pre-Qualified List	See Multi-Use List.
Premier and Cabinet Circulars	'Premier and Cabinet Circulars' are documents issued by the South Australian Cabinet to establish whole of government policy, often including instructions or requirements for public authorities to take specific action in the implementation of those policies.
Prequalification	'Prequalification' is a process of assessing a supplier's eligibility to supply based on specific criteria (including expertise and capability) for a particular category of goods or services.





PROCUREMENT GLOSSARY

Term	Definition
Probity	'Probity' is the practicing and evidence of ethical behaviour commonly associated with the adoption and well-considered procedures and processes to ensure that procurement decisions are fair, transparent and defensible. Probity relies on accountability and transparency in the procurement process.
Probity Advisor	A 'probity advisor' is a person who provides independent advice and works actively with the public authority's procurement team to ensure key probity issues are considered and actioned during the procurement process.
Probity Auditor	A 'probity auditor' is an independent officer who confirms if a procurement process has been conducted fairly and in accordance with probity principles.
Probity Plan	A 'probity plan' is a document that sets out the steps and processes to be implemented to ensure market engagement is conducted in a fair and ethical manner.
Procurement	Is a term defined in Treasurer's Instructions 18 Procurement
Procurement Activity and Reporting System (PARS)	The 'Procurement Activity and Reporting System' means the software platforms and associated systems and databases administered by Procurement Services SA for the collection, analysis and disclosure of data relating to procurement by public authorities.
Procurement Governance	'Procurement governance' means the overall management structure and organisation for procurement in the public authority, including roles and responsibilities of staff, delegations, capability and localised purchasing practices, controls and review processes.
Procurement Governance Committee (PGC)	A 'Procurement Governance Committee' is a body that <i>may</i> be established by a public authority to oversee the purchase of goods and services of the public authority. It is the role of the committee to support Chief Executives in procurement governance, decision-making and strategy development.
Procurement Governance Policy	'Procurement Governance Policy' means the policy by that name approved by the Treasurer and administered by Procurement Services SA, establishing the governance requirements applying to procurement by public authorities.
Procurement Planning Policy	'Procurement Planning Policy' means the policy by that name approved by the Treasurer and administered by Procurement Services SA, establishing the requirements for planning procurements.
Procurement Profile	'Procurement Profile' means the operational context of a public authority's procurement activities, which includes the: ▪ overall risk of the government services it is providing ▪ its annual spend ▪ complexity or risk of its procurement activity ▪ overall procurement capability of the public authority being commensurate to the above listed factors.
Procurement Review Committee (PRC)	The 'Procurement Review Committee' means the committee established by Government to provide high-level oversight of procurement processes undertaken by public authorities covered by Treasurer's Instructions 18. The PRC is not a decision-making body, however will endorse submissions or make recommendations in line





PROCUREMENT GLOSSARY

Term	Definition
	with its functions as set out in the Procurement Governance Policy.
Procurement Services SA	'Procurement Services SA', means the business unit within the Department of Treasury and Finance responsible for strategic advice to government relating to procurement, and administering the procurement policies and guidelines applicable to public authorities.
Public Authority	'Public authority' has the same meaning as defined in section 4 of the <i>Public Finance and Audit Act 1987</i> .
Public Private Partnership (PPP)	A Public-Private Partnership' is a long-term contract between the public and private sectors where government (or direct users) pays the private sector to deliver infrastructure and related services on behalf of, or in support, of government's broader service responsibilities. PPPs usually make the private sector parties who build the infrastructure responsible for its condition and operation on a whole of life basis.
Purchase Recommendation	'Purchase Recommendation' means the document summarising the recommended supplier selection as a result of a procurement process, prepared in accordance with the Sourcing policy.
Rebate	Something paid by way of a reduction, return or refund on what has already been paid or contributed.
Request for Information (RFI)	A 'Request for Information' is an informal means of researching the particular good or service and the possible solutions or approaches available in the market. As such, informal market research and the gathering of intelligence through an RFI do not require any formal procurement approvals to be sought.
Request for Quotation (RFQ)	'Request for Quotation' means a formal request inviting offers to supply goods and/or services from suppliers. It is generally used for lower value and risk procurements (transactional/routine). A standard RFQ template has been issued by Procurement Services SA
Residual Risk	'Residual risk' is the risk that remains after risk control or mitigation. It represents an estimate of the future level of risk once treatments have been implemented. Once the risks have been identified, those that are considered unacceptable (after analysis and evaluation) will have controls implemented. But controls will not completely eliminate all the risks so some risks will remain (albeit at a decreased likelihood and maybe also a reduced impact) and this is residual risk. (May also be known as 'retained risk' or 'treated risk').
Reverse Auction	A 'reverse auction' is a type of auction in which several buyers compete (on a price basis only) for the right to provide a good or service, with the bid price typically decreasing over the course of the bidding process. The bid price for each supplier is then inserted into the normal procurement process and all suppliers considered on a value for money basis.
Risk	'Risk' is the effect of uncertainty on objectives. Risk is the chance (or likelihood) of something happening (an event) that will have an impact (or consequence) on the achievement of the procurement.
Risk Assessment	The evaluation of risks to assess the overall level of risk or opportunity against risk tolerance to make decisions about which risks





PROCUREMENT GLOSSARY

Term	Definition
	need treatment and the priority for treatment. This is the process of comparing the results of the risk analysis with the public authority's risk criteria, to determine whether the risk and/or its magnitude are acceptable or tolerable.
Risk Level	'Risk level' means the magnitude of a risk or combination of risks, expressed in terms of the combination of consequences (or impact) and their likelihood (or probability). Risk level = likelihood X consequence.
Risk Management	'Risk management in procurement' is about ensuring the risks associated with the purchase of goods or services are identified, assessed, managed and monitored to ensure unexpected or undesirable outcomes are minimised whilst achieving the objectives of the procurement.
Risk Management Framework	'Risk Management Framework' is an activity which documents the approach an organisation takes to managing risks, include details of: ▪ Risk appetite – being a measure of the level of risk an organisation is willing to assume; ▪ Risk tolerance – being a measure of the amount of risk an organisation is capable of absorbing; and ▪ Risks – being details of the types of risk which the organisation faces and seeks to avoid, mitigate or accept.
Risk Management Plan	'Risk Management Plan' means a document that is used to specify the nature and treatment of risks throughout the procurement cycle, as appropriate. The level of detail will be commensurate with the procurement's complexity and value.
SAFA	'Is the South Australian Financing Authority and is the captive insurer for the Government of South Australia. It provides comprehensive insurance protection, insuring the risks of South Australian Government agencies and provides insurance advice and assistance to those agencies.
SA Tenders and Contracts	'SA Tenders and Contracts' means the South Australian Tenders and Contracts website (www.tenders.sa.gov.au)
Secondary Procurement Process	Is a term defined in Treasurer's Instructions 18 Procurement
Services	'Services' are intangible supplies or effort.
Small and Medium Enterprise (SME)	A 'Small and Medium Enterprise' is defined by the Australian Bureau of Statistics (ABS) as businesses employing less than 200 people, or in accordance with the ABS Estimated Value of Agricultural Operations.
Social Enterprise	A 'Social Enterprise' is an organisation that is driven by a public or community cause, be it social, environmental, cultural or economic and derive most of their income from trade, rather than donations or grants. For the purpose of the South Australian Industry Participation Policy, a Social Enterprise is an organisation that is certified by Social Traders and operates and has business premises in South Australia
Social Procurement	'Social procurement' is the generation of positive social outcomes through purchasing and procurement processes which are over and above the delivery of the goods or services required.





PROCUREMENT GLOSSARY

Term	Definition
Sourcing Policy	'Sourcing Policy' means the policy by that name approved by the Treasurer and administered by Procurement Services SA, establishing the requirements for an approach to market, evaluating a supplier offer, awarding contracts and undertaking post-sourcing reviews.
Sourcing/Procurement Strategy (market approach)	'Sourcing strategy' sometimes referred to as market approach means the method selected to approach the market (either through a direct, limited or open market approach) to maximise procurement value.
South Australian Business	Is a term defined in Treasurer's Instructions 18 Procurement
South Australian Government Procurement Framework	The 'South Australian Government Procurement Framework' consists of Treasurer's Instructions 18 Procurement, and four supporting policies that set the minimum requirements for each key procurement activity (governance, planning, sourcing and contract management).
South Australian Industry Participation Policy (SAIPP)	'The South Australian Industry Participation Policy' means the policy by that name established under the <i>Industry Advocate Act 2017</i> . The SAIPP is supported by the SAIPP Procedural Guidelines.
South Australian Worker	For the purpose of the South Australian Industry Participation Policy, the employee's (worker's) principal place of residence for taxation purposes is to be used to determine South Australian (or regional) labour. Fly-in fly-out arrangements are not to be included in the locational information
Specification	A 'Specification' is a statement of requirements which defines what the public authority wants to buy and, consequently, what the supplier is required to provide. There are commonly three different types of specifications: Functional, Performance and Technical. Specifications can be simple or complex depending on the procurement objective and outcome sought. Specifications should avoid the use of proprietary standards and specify the requirements in such a way as to maximise the opportunity for competitive offers from a variety of suppliers.
Spend Analysis	'Spend analysis' is the systematic review of the public authority's spending with a view to identifying opportunities for improvement and to create value in a category. The key activities include acquiring the data, cleansing the data, and analysing the data. The term can be considered to be synonymous with expenditure profile.
Spend Under Management	'Spend Under Management' is spend that is under management or purchased through a defined procurement strategy/policy or sourcing process. For example: ▪ spend made under pre-established contracts ▪ spend made under defined policies (e.g. use of purchase cards) ▪ procurements made under established procurement strategy (including secondary processes, procurement policies to support Aboriginal Businesses). Spend that is not purchased through a defined procurement strategy/policy or sourcing process is 'unmanaged or off-contract spend':
Sponsorship Arrangement	Is a term defined in Treasurer's Instructions 18 Procurement





PROCUREMENT GLOSSARY

Term	Definition
Stakeholders	'Stakeholders' are interested parties who are involved in, or impacted by, choices that are made during the procurement process. Within public authorities, stakeholders will include end-users as well as decision-makers who review proposed acquisition plans, or officers who manage contracts. Suppliers will have sales managers or account managers who are responsible for client relationships, as well as staff involved in service delivery.
Standard Goods and Services Agreement	'Standard Goods and Services Agreement' means the template agreement issued by Procurement Services SA for use in low to medium risk procurements.
Standard Not-for-Profit Sector Funded Services Agreement	'Standard Not-for-Profit Funded Services Agreement' means the standard contract template issued by Procurement Services SA for use when contracting NFP funded services, where up-front payment is required.
Standard Purchase Order	'Standard Purchase Order' means the standard purchase order terms and conditions issued by procurement Services SA.
Standing Offer	A 'standing offer' is an arrangement that sets out the terms and conditions, including indicative pricing, under which a supplier agrees to supply specified goods or services to a public authority for a specified period.
Startups	'Startups' are companies or ventures that are focused around a single (innovative) product or service that the founders want to bring to market. These companies typically don't have a fully developed business model and, more importantly, lack adequate capital to move on to the next phase of business. When a startup has found a business model and a product that is right for the market, it stops being a startup and graduates to an enterprise. For the purposes of the South Australian Industry Participation Policy, a 'start up business' is one that is based in South Australia, having an active ABN and in the first two years of operation.
Supplier	A 'supplier' is an entity that could provide, is providing or has provided goods, services or works to, or on behalf of, a public authority.
Supplier Relationship Management	'Supplier Relationship Management' means the process to determine the supply categories that are important and creating strategies that manage these in a rational way. Appropriate relationships need to be developed and managed throughout the procurement life cycle. Contract management is a sub-set of relationship management.
Supplier Selection	'Supplier selection' is the process undertaken to ensure appropriate suppliers are selected to provide the goods or services, whilst ensuring value is achieved.
Supply Chain Analysis	'Supply Chain Analysis' means the process of analysing and understanding the organisations that participate in the flow of goods or services from their original source to the public authority as the final end user to determine risks that need to be addressed in the procurement.
Sustainability	Meeting the needs of the public authority while also taking into account external and future costs, including costs to the environment, human





PROCUREMENT GLOSSARY

Term	Definition
	health and depletion of resources. In practice this means adopting a broader range of decision-making criteria than traditional economic criteria to include environmental merits, as well as the social impacts of alternative solutions.
Sustainable Procurement	'Sustainable procurement' refers to the environmental and social features that are incorporated into the procurement process, including the development of appropriate specifications and the evaluation of suppliers against these requirements.
Tender Call (open) period	The 'Tender Call Period' (sometimes called a 'tender open period' is the time between the advertising of a tender and the closing date for receipt of offers.
Transition (In/Out)	'Transition' refers to the change from: - one contract to another; and/or - from one contractor to another; or - the induction of a newly introduced contract.
Transparency	'Transparency' involves public authorities taking steps to enable appropriate scrutiny of their procurement activity.
Treasurer's Instructions	'Treasurer's Instructions' means instructions issued by the Treasurer under Part 4 of the <i>Public Finance and Audit Act 1987</i> .
United Nations Standard Products and Services Code (UNSPSC)	A scheme that classifies and identifies commodities. It supports a strategic sourcing process and gives a uniform means of capturing spend data. Classifying goods and services with a common coding system facilitates commerce between buyers and sellers and is necessary for ecommerce. (refer www.unspsc.org)
Unmanaged or Off-Contract Spend	See 'Spend Under Management'
Unsolicited proposal	An 'unsolicited proposal' is a unique or innovative method, concept, approach or idea submitted to a public authority from a private entity, not in response to a formal request and not readily available in the marketplace.
Value-add	An enhancement or additional feature to a good or service offered by a supplier to obtain a competitive edge. It is over and above a specification or requirement and may attract an additional cost.
Value for Money	'Value for Money' is the achievement of a desired procurement outcome at the best possible price based on a balanced judgement of financial and non-financial factors relevant to the procurement.
Whole-of-Life Cost	'Whole-of-life cost' means the total costs and expenses associated with the purchase of the good or service, from planning, supply/usage through to disposal. It estimates the accumulated costs of acquiring, operating, maintaining and disposing of or decommissioning the good or service, and includes any revenue from disposal.
Women-Owned Business	A 'Women-Owned Business' is a business trading in South Australia and is at least 51% owned, operated, and controlled on a daily basis by one or more female South Australian residents.





PROCUREMENT GLOSSARY

