



Australian Government



Northern Australia Infrastructure Facility

Procurement Policy

June 2022

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Document purpose

The Procurement Policy outlines Northern Australia Infrastructure Facility’s (NAIF) approach to procuring and managing goods and services consistent with NAIF’s obligations under the PGPA Act and other requirements.

1. Scope of this Policy

This Policy applies to Board Members, employees, and contractors.

2. Policy Statement

As a corporate Commonwealth entity under the PGPA Act, NAIF must promote the proper use and management of public resources for which NAIF is responsible.

NAIF's procurement policy has a procurement focus on the north.

NAIF, with its a focus on economic growth in Northern Australia will endeavour to procure goods and services originating from the area in which it operates in. NAIF may not be able to procure goods and services from the north, for example where a technical or niche skillset is required and is not available.

3. Principles

As a Corporate Commonwealth Entity (CCE), NAIF is not required to follow the Commonwealth Procurement Rules (CPRs). However, NAIF employees and contractors should consider the key principles set out in CPRs when making procurement decisions. Core principles include:

- Value for Money.
- Efficient, effective, economical, and ethical procurement.
- Effective competition.

When assessing value for money, NAIF employees and contractors must consider:

- The quality of the goods and services;
- Fitness for purpose of the proposal;
- A potential supplier's relevant experience and performance history;
- Flexibility of the proposal (including innovation and adaptability over the lifecycle of the procurement);
- Environmental sustainability of the proposed goods and services; and
- Whole of life costs.

When considering efficient, effective, economical, and ethical procurement, NAIF employees and contractors must consider:

- Efficient being the achievement of maximum value for the resources used. For example, the procurement method should be appropriate to the size and complexity of the transaction.
- Effective being the extent to which intended outcomes or results are achieved.
- Economical refers to minimising costs.
- Ethical behaviour related to those who identify and manage conflicts of interest and do not make improper use of a position.

3.1 Planning a procurement

In planning a procurement, NAIF expects its employees or contractors to determine the scale, scope and risk related to the purchase of goods and/or services. Each procurement activity may be bespoke relating to the size and complexity, however each activity must have regard to:

- Detail a scope of works that is approved by a line manager, and is within the operational budget;
- Perform risk identification, assessment, and management (refer to the Risk Management Framework for further details);
- Determining internal probity and ethics requirements;
- Internal security and confidentiality requirements;
- Whether specialist advice must be sought to help understand the capabilities and constraints of the market;
- Whether cooperative entity procurement may be appropriate;
- Contract management requirements, including procurement contract governance, performance, relationship, and financial management; and
- If the value is anticipated to be greater than \$150,001 (excl. GST) commence a tender process.

3.2 Approaching the market

Once a procurement activity is planned, the employee or contractor must follow the minimum quote / tender requirement schedule listed below:

AUD Procurement Value (excl. GST)	Quote / Tender Requirement (consider more, if required)
\$0 - \$30,000	1 written quote.
\$30,001 - \$150,000	3 written quotes.
\$150,001 - \$300,000	Tender process required.
\$300,001 or more	Tender process and must receive approval from the Board.

Note: all quotes, approvals, and documented inability to source quotes must be retained on file for audit purposes.

3.3 Exemptions

In exceptional circumstances (e.g. urgency, confidentiality) it may not be possible to adhere to the principles outlined in this policy to meet a business objective. Any procurement which will not comply with the policy must be documented with supporting reasons and to proceed requires dual approval from an Executive and the CEO, and where appropriate the Board.

3.4 Assessing tenders

An assessment of tenders is made commensurate with the size, value, and complexity of the procurement activity.

If the procurement activity is anticipated to be above \$150,001, a tender process is required. This includes:

- A minimum of three (3) responses to tender from suitably qualified suppliers;
- A Steering Committee reviews all tender responses and votes on the preferred supplier considering the principles outlined in this Policy. A Steering Committee with at least two (2) Executive Management Group members for tender values up to \$300,000, and three (3) Executive Management Group members for over \$300,001.
- An internal risk assessment commensurate with the size, value and complexity of the procurement activity;
- A financial viability assessment (if deemed necessary by the risk assessment);
- A Contract Management Plan (if deemed necessary by the risk assessment); and
- If the procurement activity is greater than \$300,001 (excl. GST), the Steering Committee must recommend to the Board the preferred supplier, outline reasons for this recommendation and the Board must approve the appointment.

Where a tender is unsuccessful, a formal notification is to be provided to the supplier. Should the supplier raise any complaints, the employee or contractor is to direct them to the External Complaints Handling Policy.

3.5 Review and assessment for continuing engagements

For ongoing engagement of suppliers, where cumulative spend is above, or anticipated to be above \$150,001, a review should be completed considering the key procurement principle points below to determine if a tender should be performed for additional expenditure:

- Value for Money.
- Efficient, effective, economical, and ethical procurement.
- Effective competition.

3.6 Inter-entity agreements

There may be instances where an inter-entity agreement may add additional efficiencies. If this scenario is identified, the employee or contractor must clearly articulate:

- The objectives of the agreement, including desired outcomes and timeframes;
- The roles and responsibilities of the parties;
- The details of the activities, including specifications of services or projects to be undertaken;
- The resources and timeframe to be applied by parties and resource management framework issues;
- The approach to identifying and sharing the risks and opportunities involved;
- Which entity collects performance reporting data;
- Agreed modes of review and evaluation; and
- Agreed dispute resolution arrangements.

4. Indigenous Procurement

NAIF employees and contractors are encouraged to:

- Use Indigenous enterprise databases when procuring goods and services;
- Consider if any Indigenous enterprises are available and able to provide goods and services in accordance with the Core Principles.

The Executive Assistant to the Chief Executive Officer must keep a register of all procurement with Indigenous enterprises including:

- The type of goods and services; and
- The procurement value.

5. Relevant Legislative Requirements

Along with the PGPA Act, there are additional legislative requirements that employees and contractors must be aware of during procurement activities.

Legislative Instrument	Details
Privacy Act	Privacy requirements apply during procurement activities. Refer to the Privacy Policy for further information.
Murray Motion	The Senate Order, also known as the Murray Motion, requires each Minister to table a letter in the Senate for each reporting period, outlining compliance with the Senate Order for each entity in their portfolio. To support compliance with the Senate Order, NAIF publishes an internet listing twice a year that identifies contracts entered into during the preceding calendar or financial year, valued at or above \$100,000 (GST inclusive), along with details relating to each of those contracts.
Australian Government Building and Construction Work Health and Safety Accreditation Scheme	NAIF must comply with its obligations under the scheme in relation to 'building work' that is funded directly or indirectly by NAIF including ensuring contracts for relevant building are with accredited builders. This is applicable to building work: <ul style="list-style-type: none"> • directly funded by NAIF with a value of \$4 million or more; • indirectly funded by NAIF where the value of NAIF's contribution to the project is at least \$6 million and represents at least 50% of the total construction project costs; and • indirectly funded by NAIF where the value of NAIF's contribution to the project is at least \$10 million.

6. Specific Procurement Activity

6.1 Costs associated with due diligence and project management activity

For due diligence and project management costs (including procurement of transaction and project management specific legal and accountancy services), employees may depart from the principles where each of the following have been satisfied:

- A Cost Indemnity Agreement has been signed by the proponent;

- A particular method of procurement has been agreed with the proponent; and
- The procurement is otherwise on acceptable terms to relevant employees.

7. Roles and Responsibilities

Role	Responsibility
NAIF Board	<ul style="list-style-type: none"> • Approving policy and any proposed changes after a review and recommendation by the Policy Sponsor. • Tasking management with policy implementation, exception reporting and for developing procedures to support the policy. • Notify the CEO of any direct expenditure by the Board
Chief Operating Officer	<ul style="list-style-type: none"> • Implementing this policy at NAIF. • Reviewing the Policy each calendar year.
Associate Director, Risk and Compliance	<ul style="list-style-type: none"> • Assist with the risk assessment process during a procurement activity (if required) • Providing training to NAIF employees and contractors on this policy.
Executive Assistant to the Chief Executive Officer	<ul style="list-style-type: none"> • Maintain an up-to-date register of all procurement with Indigenous enterprises.
NAIF Employees and Contractors	<ul style="list-style-type: none"> • Complying with the requirements of this policy.

Failure to comply with the requirements set out in this policy may result in disciplinary action.

8. Review and Approval

The NAIF Board approves the Policy every two years.

The Policy is reviewed annually (or more frequently if required) by the Policy Sponsor to ensure it remains aligned with governing legislation. If any material amendments occur to the Policy out of the NAIF Board review cycle, it is provided to the NAIF Board for approval.

Document Review and Approval

Policy Sponsor	Policy Approver	Approval date	Next Board Review
Chief Operating Officer	NAIF Board	June 2022	June 2024

Related Documentation

Procurement Procedure
Sub-Delegations Manual