

METHODS OF PROCUREMENT

Discussion Paper from Australia

The objective of this paper is to promote discussion in the Working Group on Transparency in Government Procurement on the benefits to any future agreement of a flexible non-prescriptive approach to the selection of methods of procurement.

This objective is premised on the belief that a government going to tender has the right to decide what it wants to achieve for the money it spends. For this reason it is important that governments have the flexibility to select the method of procurement necessary to deliver their procurement objectives.

Procurement Methods

Governments can choose among a range of recognized procurement methods: eg open, selective, pre-qualification, sole source. As no single procurement method suits all situations, the appropriateness of one method over another should be determined by the circumstances of each procurement. Attaching a specific procurement method to either prescribed conditions or a monetary threshold may impede a government's ability to realize the efficient and effective delivery of its objectives.

A non-prescriptive approach enables governments to fully consider the requirements and existing market conditions of each procurement, and to select a procurement method on its merits. For example, there may be no need for complicated, expensive procurement processes when purchasing low-risk, low-value products and/or services. However, a procurement method of some complexity may be appropriate where risks are greater and/or the project is of high value or strategic importance. Accordingly, governments should have the flexibility to select the most suitable procurement method on a case-by-case basis.

Probity/Accountability

The selection of the most appropriate procurement method and the subsequent procurement process need to occur within a robust accountability and probity framework. Such a framework sets out government accountability requirements to ensure objective, fair and consistent treatment of tenderers, regardless of the procurement method selected, and provide guidance on issues such as confidentiality and conflict of interest.

A robust accountability and probity framework also requires appropriate documentation of key decisions in the procurement process, including details of the procurement method selected. This documentation creates an audit trail of the decision-making process, facilitating scrutiny by the relevant bodies and mechanisms outlined in the accountability and probity framework.

Summary

Procurement is an important component of Government's overall performance. A flexible non-prescriptive approach to the selection of a procurement method allows government procurement agencies to design and manage their procurement functions to ensure the efficient and effective delivery of their procurement objectives.
