

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Finance and Property Division

Question No. 154

Senator Barnett asked the following question at the hearing on 27 May 2009:

Could you provide a more expansive definition of the following methods of procurement: open tender; direct source; select tender?

The answer to the honourable senator's question is as follows:

Open Tender – A procurement procedure in which a request for tender is published inviting all suppliers that satisfy the conditions for participation to submit tenders.

Direct Source – refers to a procurement process in which an agency invites a potential supplier or suppliers of its choice to make submissions. Direct sourcing may include a competitive process, for example obtaining quotes. For covered procurements¹, direct sourcing is permitted only under certain conditions.

Select Tender – a procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders. For covered procurements, a select tender process may only be conducted in accordance with certain procedures and circumstances set out in Division 2 of the Commonwealth Procurement Guidelines.

¹ A covered procurement is a procurement which has not been specifically exempted under Appendix A of the *Commonwealth Procurement Guidelines 2008*, if the estimated value of the property or services being procured is above the relevant procurement threshold:

- a. for procurements by FMA agencies, other than procurements of construction services, the procurement threshold is \$80,000;
- b. for procurements by relevant CAC Act bodies, other than procurements of construction services, the procurement threshold is \$400,000; or
- c. for procurements of construction services, the procurement threshold is \$9 million.