

Jargon Buster

Power and Water Corporation's
Procurement Framework

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Introduction

The 'Jargon Buster' is for use by *procurement practitioners* at Power and Water and our *suppliers*. It is a living document and is updated regularly. The 'Jargon Buster' uses plain English to explain and interpret specialised words and expressions commonly used in *procurement* that often make it hard to understand.

The 'Jargon Buster' is also important in ensuring all *procurement practitioners* at Power and Water share a common understanding of the meaning of *procurement* words and expressions and that we all use a common language when undertaking a *procurement* activity. This helps us avoid pitfalls, misunderstandings and mistakes.

How to use the Jargon Buster

The 'Jargon Buster' only contains specialised words and expressions found in the 'Procurement Sourcing Rules' and in any of the supporting guidelines, fact sheets, tools and forms that together comprise Power and Water's Procurement Framework.

Other words used in any of these documents that are not specialised and found in the 'Jargon Buster' retain their meaning as defined by the Australian Macquarie Dictionary.

Words written in *italics* in the 'Jargon Buster' are themselves defined in the 'Jargon Buster'.

Definitions table

Terminology	Definition
Annual Procurement Plan	Power and Water’s annual summary of <i>procurement</i> actions at a Grade 3 level for the coming year that combines larger capex projects from the Statement of Corporate Intent with other <i>tenders</i> for goods, works and services.
Application to qualify (ATQ)	Documentation provided to <i>potential suppliers</i> to allow them to provide a submission for inclusion on a <i>supplier list</i> .
Approach to market	Any notice inviting <i>potential suppliers</i> to participate in a <i>procurement</i> that may be a <i>request for tender, request for proposal, request for quote, expression of interest, or invitation to participate</i> in a competitive dialogue process.
Assessment criteria	The standards, tests and principles used to assess the conformance and relative ranking of <i>potential suppliers’ submissions</i> . <i>Assessment criteria</i> and corresponding weightings must be stated in the <i>request documentation</i> .
Business days	All days from Monday to Friday inclusive but not including any national or Northern Territory gazetted public holiday and any day from Boxing Day to New Year’s Day inclusive.
Buyer	An officer of Power and Water that directly or indirectly initiated the <i>procurement</i> activity. The <i>buyer</i> may or may not be a <i>procurement practitioner</i> .
Category specialists	<i>Category specialists</i> are members of the Strategic Sourcing team who have been allocated categories under the category management framework. They are responsible for the overall management of their category and will provide succinct advice to business units on best practice techniques, including market approach, processes and methods to achieve strategic <i>contract</i> outcomes.
Chairperson	The manager and lead of the <i>tender assessment panel</i> . The <i>chairperson’s</i> role includes: <ul style="list-style-type: none"> • Leading the <i>supplier</i> selection process • Preparing the tender assessment plan • Reviewing the tender documentation • Ensuring the ‘Procurement Plan’ is developed and approved prior to release to market. Third-party contractors or consultants must not be the <i>chairperson</i> .
Commodity market	A recognised exchange dealing in generic, largely unprocessed goods that can be processed and resold.
Competitive neutrality	Competitive neutrality requires that public sector business activities which are in competition with the private sector should not have competitive advantages or disadvantages just because they are owned or controlled by government. It is about transparent cost identification and pricing in a way that removes net cost advantages arising from public ownership.
Complex procurement activity	A <i>procurement</i> activity at the Grade 3 level (from \$200,000).
Contract	A <i>contract</i> is a legally binding or valid agreement between two parties. The law will consider a <i>contract</i> to be valid if the agreement contains all of the following elements: <ul style="list-style-type: none"> • offer and acceptance; • an intention between the parties to create binding relations; • consideration to be paid for the promise made; • legal capacity of the parties to act; • genuine consent of the parties; and • legality of the agreement. An agreement that lacks one or more of the elements listed above is not a valid <i>contract</i> .

Terminology	Definition
Contract Classification	The classification of <i>contracts</i> based on the <i>contract</i> value and risk. The four classifications are: <ul style="list-style-type: none"> • Strategic Critical; • Strategic Security; • Leveraged; and • Routine
Contract management	<i>Contract management</i> is the final stage of the <i>procurement</i> cycle commencing on award of a <i>contract</i> . <i>Contract management</i> is the process of managing <i>contracts</i> , deliverables, deadlines and <i>contract terms and conditions</i> to realise the negotiated contract value.
Contract management partner	A <i>contract management partner</i> is a member of the Strategic Sourcing team that has been allocated to a specific business unit to guide and assist them with all their <i>contract management</i> needs.
Contract manager	A person who is tasked with managing a <i>contract</i> to ensure efficient and effective operation of the <i>contract</i> over its life. The roles of the <i>contract manager</i> may be further defined in a Contract Management Plan.
Contract users	A person who places orders under a <i>contract</i> , often a project officer. They are accountable only to ensure the <i>supplier</i> delivers individual orders in accordance with time, quality and cost specifications. <i>Contract users</i> submit quarterly or 6 monthly satisfaction surveys to the <i>panel manager</i> for <i>suppliers</i> engaged under <i>panel</i> arrangements and are responsible for notifying <i>contract manager/panel manager</i> of any complaints or performance issues.
Delegate	A person with the authority to approve a <i>procurement</i> activity or <i>procurement</i> decision. These may be classified as either <i>financial delegates</i> or <i>functional delegates</i> . They must not be the <i>chairperson</i> or member of the <i>tender assessment panel</i> .
Direct Negotiation	<p><i>Direct negotiations</i> are a <i>procurement</i> process in which Power and Water may contact a single <i>supplier</i> of its choice to submit an offer without having first gone through an <i>open approach to market</i>.</p> <p>Bargaining between Power and Water and the <i>supplier</i> is a critical element of the process. The objective is to reach agreement on all <i>terms and conditions</i> and to obtain the goods, works or services to the required quality, within the required time at an agreed price that is fair and reasonable to both the <i>supplier</i> and Power and Water.</p> <p><i>Direct negotiations</i> are not intended to avoid competition or to discriminate against any <i>supplier</i>; they are used to deliver an expedient best value for Territory outcome, where it can be demonstrated that no real competition exists, or where there is a demonstrated benefit to Power and Water.</p>
Expression of Interest (EOI)	<p>The purpose of an EOI is to enable Power and Water to identify and shortlist <i>potential suppliers</i>. The request for an EOI seeks basic information from interested <i>suppliers</i> to allow an initial evaluation of their suitability.</p> <p>An EOI is the first stage of a multi-stage tender process. Shortlisted <i>suppliers</i> are asked to submit full proposals (RFPs) or <i>tenders</i> (RFTs). The responses provide more detailed information on capacity, capability, technical knowledge, experience and organisational and financial standing. This allows a full evaluation and selection of the <i>preferred supplier</i>.</p> <p>An EOI can be used where there are potentially very large numbers of <i>suppliers</i> and it is not sensible to invite all to submit full proposals or <i>tenders</i>.</p>
Financial delegate	A person with the financial authority to approve a <i>procurement</i> activity or <i>procurement</i> decision. They must not be the <i>chairperson</i> or member of the <i>tender assessment panel</i> .

Terminology	Definition
Functional delegate	A person with the authority to approve a functional <i>procurement</i> decision i.e. <i>limited approach to market</i> . They must not be the <i>chairperson</i> or member of the <i>tender assessment panel</i> .
Grades	Grades are the levels and associated values assigned to a <i>procurement activity</i> which determines the process that is to be followed. <ul style="list-style-type: none"> • Grade 1 - Supplies with an estimated total value of less than \$50,000 exclusive of GST; • Grade 2 - Supplies with an estimated total value from \$50,000 but less than \$200,000 exclusive of GST; or • Grade 3 - Supplies with an estimated total value from \$200,000 and greater exclusive of GST.
Invitation to participate	An invitation to <i>potential suppliers</i> to register their interest in participating in a competitive dialogue process.
Lifecycle costing	The whole-of-life of whole-of-asset cost of a piece of capital equipment. Typically includes the purchase price plus operational costs including fuel, spare parts, servicing, repairs and maintenance and dismantling and decommissioning. Does not typically include financing and depreciation costs.
Limited approach to market	Involves inviting one or more <i>potential suppliers</i> to provide <i>submissions</i> where the process does not meet the rules for <i>open approach to market</i> .
List Manager	A person who is tasked with managing a <i>supplier list</i> to ensure efficient and effective operation of the list over its life. The roles of the <i>list manager</i> are further defined in the 'Guideline – Establishing and Using Supplier Lists'.
Minimum content and format requirements	Criteria that a <i>supplier's submission</i> is required to meet when responding to an <i>approach to market</i> and to be eligible for further consideration in a <i>procurement activity</i> .
Minimum score benchmarks	Minimum score benchmarks can be set for particular <i>assessment criteria</i> to ensure that <i>tenders</i> are not inadvertently awarded where a low or nil score is awarded against a critical or essential criterion.
Normalised assessment	Normalised assessment of ratings means adjusting values measured on different scales to a notionally common scale, usually prior to averaging. The VFM spreadsheet does this by normalising the assessment to a single value irrespective of whether a 0 to 5 or 0 to 10 rating scale was used.
Open approach to market	Any notice inviting all <i>potential suppliers</i> to participate in a <i>procurement activity</i> that may include a <i>request for tender</i> , <i>request for proposal</i> , <i>request for quote</i> , <i>expression of interest</i> , or <i>invitation to participate</i> in a competitive dialogue process.
Open tender	Involves publishing an <i>open approach to market</i> and inviting <i>submissions</i> .
Panel	An arrangement under which a number of <i>suppliers</i> , usually selected through a <i>Request for Tender</i> , may each supply goods, works or services as specified in the panel arrangements.
Panel Managers	Equivalent to <i>contract manager</i> , responsible for managing a <i>panel contract</i> holistically to ensure fairness, transparency and value is being obtained from the <i>panel</i> arrangement. They are responsible for managing standing offer <i>contracts</i> with individual <i>suppliers</i> on the <i>panel</i> , collating <i>supplier</i> reported performance data and sending quarterly or 6-monthly satisfaction surveys to <i>contract users</i> and capturing this data for performance meetings with <i>suppliers</i> and governance reporting. A <i>Panel Manger</i> determines if the nature of the <i>panel</i> requires other KPIs to be reported by <i>contract users</i> to the <i>panel manager</i> (only for strategic – critical contracts)
Potential supplier	A business, organisation or person that may respond to an <i>approach to market</i> .
Primary-phase	Refers to the step to establish a <i>panel</i> following an <i>open approach to market</i> . The <i>secondary-phase</i> refers to the next step of purchasing from the <i>panel</i> .

Terminology	Definition
Procurement	<p>Procurement covers all aspects of acquiring and receiving goods, services and works. It starts with identifying the need and finishes with the end of a service <i>contract</i> or with the completion and disposal of the asset.</p> <p>It covers planning, market research, approaching the market, assessing responses, negotiating and awarding the <i>contract</i> and reviewing and auditing the outcomes and performance.</p>
Procurement partner	A <i>procurement partner</i> is a member of the Strategic Sourcing team that has been allocated to a specific business unit to guide and assist them with all their <i>procurement</i> needs.
Procurement practitioner	Any person at Power and Water undertaking a <i>procurement</i> activity or engaged in a <i>procurement</i> activity. A <i>procurement practitioner</i> may work in a business unit, in the Strategic Sourcing or elsewhere at Power and Water.
Project manager	The <i>project manager</i> has overall control of the project from beginning to end. A project may involve more than one <i>tender</i> and more than one <i>tender</i> assessment and a <i>project manager</i> may be required to work with several <i>chairpersons</i> to deliver a particular project.
Request documentation (RFx)	Documentation provided to <i>potential suppliers</i> to enable them to understand and assess the requirements of Power and Water and to prepare appropriate and responsive <i>submissions</i> . The general term includes all documentation for <i>expressions of interest</i> , <i>request for quotation</i> , and <i>request for tender</i> .
Request for Information (RFI)	A RFI is not an RFx but a market research tool used to ask for information to gauge the number and type of <i>suppliers</i> and the range of solutions, technologies, services and products they can provide.
Request for Proposal (RFP)	<p>An RFP is used to receive proposals for goods, works and services. Typically, Power and Water is open to innovation in the type of product or how the services are delivered. The outputs and outcomes are important, rather than the process the <i>supplier</i> follows to deliver them.</p> <p>Interested <i>suppliers</i> are invited to submit proposals, giving details of how their goods, works or services will deliver the outputs and outcomes, along with the proposed prices.</p>
Request for Quotation (RFQ)	Used to procure goods, services or works that are easy to describe (e.g. an off the shelf item where the <i>supplier</i> can quote a unit price or <i>suppliers</i> provide an hourly rate). An RFQ is usually used for low risk <i>procurement</i> activities where price is the main factor.
Request for Tender (RFT)	<p>Used when you need much more from a <i>supplier</i> than just a unit price and delivery date. Typically, the goods or services are easy to define and there is little room for flexibility or innovation in delivery. RFTs are used mostly for goods and services with highly technical requirements.</p> <p>Used to invite interested <i>suppliers</i> to submit <i>tenders</i>, giving detailed information on how the goods and services meet the specific requirements along with proposed prices.</p>
Reverse auction	A type of auction in which the roles of the <i>buyer</i> and <i>supplier</i> are reversed. The auctioneer buys the goods or service from <i>suppliers</i> that compete to provide the good or service to the <i>buyer</i> , with <i>suppliers</i> having the incentive to offer lower bids (as opposed to <i>buyers</i> offering higher bids in regular auctions). The auctioneer is usually virtual and the process undertaken via a web based software program.
Secondary-phase	Refers to the process of selecting <i>panel</i> members for work after the <i>panel</i> has been established. The <i>primary-phase</i> refers to the process of establishing the panel in the first instance usually following an <i>open approach to market</i> .

Terminology	Definition
Segregation of duties	<i>Segregation of duties</i> is a basic internal control that ensures no single person has the authority to execute all of the steps in purchasing without checks and balances. For example, if you issue a purchase requisition, you cannot then approve the purchase, but you can receipt the items.
Silent members	<i>Suppliers</i> that have been admitted to a <i>panel</i> but have not been given the opportunity to win any work. This may include members who have failed to provide responses to RFXs or failed to win any work.
Simple procurement activity	A <i>procurement</i> activity at the Grade 1 or 2 level.
Sole source	<i>Sole source</i> is a procurement method by which a single supplier is invited to provide goods, works or services. When assessing a submission this methodology <i>can</i> only be applied where a single supplier has been invited to submit through an approved <i>limited approach to market</i> from a Grade 2 level. Simply to ensure: <ul style="list-style-type: none"> • the offer is fit for purpose and meets specified requirements • the <i>supplier</i> has capacity to deliver the scope • the <i>supplier</i> can deliver the scope within the specified timeframe.
Submission	Any formally submitted response from a <i>potential supplier</i> to an <i>approach to market</i> . Submissions may include <i>tenders</i> , responses to <i>expressions of interest</i> , or responses to <i>requests for quotation</i> .
Supplier	Any business, organisation or person that has entered into a <i>contract</i> with Power and Water.
Supplier list	A <i>supplier list</i> is defined as a list of <i>potential suppliers</i> , intended for more than one <i>procurement</i> activity, who have been 'pre-approved' as capable of delivering common types of works, goods or services valued at less than \$500,000.
Syndicated contract	A collaborative <i>contract</i> involving Power and Water and one or more organisations aggregating their respective needs and going to market for common or related goods, works or services. <i>Syndicated contracts</i> are used for the purpose of increasing the total purchasing volume in order to attract volume pricing discounts or improved servicing from <i>suppliers</i> .
Tender	Any formal, structured invitation to <i>suppliers</i> through an <i>approach to market</i> to supply goods, works or services.
Tender assessment panel	A panel of <i>procurement practitioners</i> established to assess <i>submissions</i> received from an <i>approach to market</i> . The panel needs a <i>chairperson</i> and at least one other member for Grade 2 activities and two other members for Grade 3 - ideally from the business units that intend to use the <i>potential suppliers</i> . Panel members can also come from the Strategic Sourcing team. The <i>chairperson</i> must always be a Power and Water employee. Third-party contractors or consultants must not be the <i>chairperson</i> , or participate if there is a conflict of interest.
Terms and conditions	Any provision that forms part of a <i>tender</i> or <i>contract</i> and are the rules that Power and Water must abide by in managing the <i>tender</i> process and <i>suppliers</i> must agree to abide by in order to use a <i>contract</i> .

Terminology	Definition
Territory Enterprise	<p>An enterprise operating in the Northern Territory, with a significant permanent presence in the Northern Territory and employing Northern Territory residents. To be a Territory Enterprise, a business must satisfy three elements:</p> <ol style="list-style-type: none"> 1. "Operating in the Northern Territory" – the supplier is currently engaged in the production of goods or delivery of services within the Northern Territory. 2. "Significant permanent presence in the Northern Territory" – the supplier maintains an office, manufacturing facilities or other permanent base within the Northern Territory. To satisfy this element, agencies are to solely look at the supplier's permanent presence in the territory. 3. "Employing Northern Territory residents" – the supplier employs Territorians on an ongoing basis. A supplier that relies exclusively on transient, interstate/international labour or a fly-in, fly-out (FIFO) workforce will not satisfy this requirement. <p>Note - A sole trader who is a Territory resident would satisfy this element.</p>
Unsolicited proposal	Any approach to Power and Water from a <i>potential supplier</i> offering a proposal to provide goods, works or services that has not been requested.
Unsolicited unique proposal	Any approach to Power and Water from a <i>potential supplier</i> offering a unique proposal to provide goods, works or services that has not been requested.
V-form	To be unique, the proposal must be the only one of its kind and unlike anything else. A paper based IOU order form that is widely accepted as credit for the purchase of goods at many businesses and retail outlets in the Northern Territory.

Change management and continuous improvement

Review

The requirements of this guideline shall be reviewed and updated periodically for its ongoing effectiveness. This guideline will be reviewed, at a minimum, every three years or in the event of any significant change in our vision, values, long term goals, risk appetite, policy statement business model or organisational structure, or related systems or processes.

Document history

Date of issue	Version	Prepared by	Description of changes
26/06/2020	8.0	M Abe	Updated inline with Procurement Sourcing Rule Vn 8.0 update
08/09/2023	8.1	M Abe	Migrated to new branding - no other material changes

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