# Introduction

# Introduction

Western Sydney Airport (WSA) recognises that the procurement of goods and services from external parties is an integral part of the work of WSA.

The purpose of the WSA Procurement Guidance is to provide external parties an outline of the procurement framework that is in place for carrying out all procurement activity on behalf of WSA. The WSA approach to procurement enables WSA to purchase in a demonstrably fair manner, providing the best value for money at an acceptable risk.

The WSA Procurement Policy applies to all procurement arrangements for goods and services undertaken by WSA business units for WSA business activities, except for the following contractual arrangements:

* Customer facing contracts.
* Regulatory agreements.
* Financing arrangements with financial institutions.

It covers all procurement activities conducted by authorised employees (full time, part-time consultants, temporary or casual and contractors) whose delegated authority confers certain approvals to purchase, order, provide, manage and dispose of goods and services for, and on behalf of, WSA.

All procurements undertaken and/or managed by the Delivery Partner (DP) or the Project Manager Definition (PMD) must be aligned with the Policy.

# Applicability of the Commonwealth Procurement Rules (CPR)

The Commonwealth Procurement Rules (CPRs) represent the Government policy framework under which government agencies govern and undertake their procurement and combine both Australia's international obligations and good practice.

WSA is a prescribed Government Business Enterprise (GBE) under the Public Governance, Performance and Accountability Act 2013 (PGPA Act). GBEs subject to the PGPA Act are legally and financially separate from the Commonwealth and are not subject to the CPRs. WSA falls within the exemptions listed in Appendix A of the PGPA Act and therefore does not have to comply with the CPRs. Nonetheless, the WSA Procurement Policy has adopted several key principles from the CPRs and promotes value for money as the core principle. Value for money is enhanced and complemented by encouraging competition, transparency and accountability in decision-making.

# Applicability of the Indigenous Procurement Policy (IPP)

The Indigenous Procurement Policy (IPP) commenced on 1 July 2015 and applies to all non-Corporate Commonwealth entities subject to the Commonwealth Procurement Rules. WSA as a GBE does not have to comply with the IPP, however is committed to the IPP’s core principles of stimulating Indigenous entrepreneurship and business development, and to provide Indigenous Enterprises with more opportunities to participate in the economy.

WSA is committed to the implementation of its Aboriginal Engagement Masterplan and the Indigenous Service Provider will assist with identifying relevant indigenous businesses to bid to provide relevant services.

WSA may favourably consider any potential supplier’s ability to assist WSA to meet its IPP obligations.

# Guidance Hierarchy

The guiding framework for procurement within WSA consists of the following documentation:

* The WSA Procurement Policy outlines the scope, procurement framework, objectives, and governance applicable to all WSA procurement activities.
* The WSA Procurement Manual details the activities, tasks, and responsibilities associated with the four major lifecycle processes of procurement;
	+ Strategic Procurement Planning.
	+ Source to Contract.
	+ Purchase to Pay.
	+ Contract Management and Supplier Relationship Management.

# Procurement Fundamentals

# Procurement Vision

The WSA vision for all procurements is:

“WSA Procurement is committed to ensuring value for money when procuring goods and services to support its strategic, business and financial objectives.”

The WSA procurement vision provides the overarching goal which WSA should actively seek to achieve through all procurements.

# Key objectives of effective procurement

|  |  |
| --- | --- |
| **Value for Money** | The delivery of value for money is a prime aim for all WSA procurement activities. Anyone who procures goods and services on behalf of WSA must be satisfied that the procurement achieves a value for money outcome. Value for money considers factors such as:* Future requirements profile.
* Acquisition price.
* The whole of life costs, e.g. repairs, maintenance, disposal.
* Quality and fit for purpose.
* Timeliness.
* Flexibility to adapt to possible changes in the lifecycle of the good or service.
* A potential supplier’s experience and performance history.
* Value-adding components such as meeting economic, social and environmental objectives.
 |
| **Program Delivery** | The efficiency and effectiveness of procurement undertaken by WSA directly impacts on the speed, quality and cost of the WSA delivery program.Therefore, the procurement process and supplier models must be designed to ensure that goods or services being sought will drive positive outcomes for end customers by the delivery schedule. This entails correctly identifying the need, accurately drafting functional specifications, rigorously assessing responses, negotiating and documenting the final contract, and then diligently managing the contract. |
| **Probity, Governance & Risk** | All WSA employees and suppliers are required to maintain, and demonstrate, the highest standards of accountability and ethical behaviour in all procurement actions.**Mitigate risk**A robust risk management framework must be applied to all acquisition requirement decisions, procurement activities and interactions with suppliers. Procurement decisions must take account of current and forecast market conditions and potential risks including financial, contractual, regulatory, health and safety, foreign exchange, supply and quality risks.The risks associated with procurement activities must be managed in accordance with WSA’s various policies and standards.**Demonstrate probity and ethical behaviour**All WSA employees and suppliers are required to maintain the highest standards of integrity, probity, and ethical behaviour in all procurement actions. Refer to “Ethics and Personal Standards of Behaviour” in the WSA Procurement Manual. Each employee has a personal accountability to:* Deal fairly, honestly and ethically with all individuals and organisations that supply goods or services to WSA.
* Avoid any conflicts of interest in accordance with the WSA Conflicts of Interest Policy.
* Refuse improper rewards or gifts under the WSA Gifts and Benefits Policy.
* Abide by all relevant legislative requirements, e.g. the maintenance of fair competition in accordance with the Competition and Consumer Act 2010.
* Handle information of a confidential or commercially sensitive or personal nature with due care, appropriate security and proper consideration of privacy.

**Accountability and transparency**WSA employees have the responsibility to ensure that any procurement process is transparent and that decisions are justified. This may be evidenced by, but not limited to:* Adopting an appropriately competitive process with clear evaluation criteria.
* Fair, impartial and consistent dealings with all suppliers.
* Ensuring tenders will not be invited unless WSA has a firm intention to proceed to the award of the contract.
* Document and substantiate all procurement related actions and securely retaining appropriate records.
* Adopting a strong complaint and resolute management process.

Publication of procurement outcomes for procurements tier 3 to tier 5**Financial controls**WSA Business Units are required to ensure that all procurement expenditure is properly controlled, approved and reconciled. Specifically, to ensure that:* All procurement expenditure has been approved within an operating, capital or project budget or business case or procurement requisition.
* Goods and services forming a common scope of work or similar requirement are not split into separate components solely for reducing threshold expenditure to avoid the Minimum Policy Requirements outlined in the Minimum Policy Requirements.
* All goods or services provided by suppliers correctly match the associated delivery notifications and associated invoices.
* Only those persons authorised by the WSA DoA Policy approve and commit procurement expenditure on behalf of WSA.
* Reasonable attempts are made to contain the costs of the procurement process without compromising any of the fundamental principles of procurement.
 |
| **Local economic & social growth** | WSA is committed to ensuring that WSA generates appropriate economic and social benefits for the greater Western Sydney region. WSA has formally committed to the following workforce targets:* Local employment: during the construction phase, 30 per cent of workers being residents of Western Sydney (including the Western Sydney City Deal local government authorities, and Parramatta, Auburn, Bankstown, Blacktown, Holroyd and the Hills District). This commitment will increase to 50 per cent during the operations phase.
* Learning Workers: by 2025, 20 per cent of the workforce being made up of learning workers, including apprentices and trainees (1 in 10 in trades positions) and works training to upgrade their qualifications and skills.
* Diversity: by 2025, 10 per cent of the total workforce being made up of women in non-traditional roles, women in leadership positions, economically and socially disadvantaged groups, and people with a disability (with this requirement covering 2.4% of the total workforce being indigenous workers).
* Indigenous firms: during the construction phase, 3 per cent of all contracts being with indigenous firms.
* Given the scale of the WSA project, WSA is also seeking innovative approaches to maximising economic and social benefits within the greater Western Sydney region and involving the local industry in all aspects of WSA development.
 |
| **Environment & sustainability** | WSA is committed to providing that procurements are undertaken in accordance with best practice principles for environmental management and sustainability. All procurement activities must be conducted in a socially responsible manner. WSA employees must have a consideration of the broader impact of their actions on all stakeholders and the community. WSA will also promote sustainability with internal and external stakeholders by integrating sustainability criteria into specifications, contract terms and conditions, guidelines and tender processes.Sustainability themes guiding procurement decisions may include:* Net positive benefit.
* Low carbon footprint.
* Lifecycle assessment.
* Third party verification.
* Sustainability rating compliance.
 |
| **Effective and efficient procurement** | WSA will achieve effective and efficient procurement outcomes by:* Selecting a procurement process that is consistent with the aims of the WSA Procurement Policy while being most appropriate for the specific circumstances and desired supply objectives.
* Providing professional support, clear guidance and robust tools and templates to all staff engaged in procurement.
* Monitoring and implementing continuous improvements in these processes over time to minimise any unnecessary transactional, administrative or other costs associated with the procurement of goods and services.
 |
| **Work, Health and Safety (WHS) and Security** | Procurement is a critical control of WHS risks. As procurement is generally conducted early in the project, it is crucial that it is managed effectively. Ensuring that the WHS risks associated with the procuring of goods and services are adequately managed requires assessment of criticality and potential impact. The assessment is to include mitigations to manage risk. The level of detail and information required to satisfy the risk assessment is commensurate with the level of risk (financial, organisational, reputation, WHS hazardous event ratings, etc) identified for the procurement scope.All procurement strategies must include an appropriate WHS risk assessment and requirements. Risk is not directly linked to the value of the procurement, as even low value procurement activities may carry high levels of risk. All procurement must be appropriately risk assessed according to the requirements of the individual procurement strategies. The risk assessment must be documented, and records retained.The safety impacts of any organisational change are continually assessed to ensure that WHS risks are managed early in the process.  Where high risks are identified during the procurement planning, the strategy is to include an initial safety assessment. The outcomes of the safety assessment are incorporated into the approach to market process and contractual documentation.A key requirement of industry partners is early identification of WHS risks associated with the proposed goods, services and materials, and consideration of what is reasonably practicable to ensure the health and safety of all involved.  |

# Governance

Governance of the procurement process is applied using a rule-based structure through which management oversight is exercised to ensure adherence to WSA’s vision and objectives contained within the Procurement Policy.

In addition to the parties listed below, under the Project Deed, the Commonwealth also has certain governance and approval rights for large-scale procurements.

|  |  |
| --- | --- |
| **WSA Board of Directors** | The Board is responsible for establishing and overseeing a sound corporate governance framework that sets the strategic direction for WSA. The Board ensures WSA meets its accountability obligations to the Government by submitting Corporate Plans and Annual Reports, ensuring compliance with Government policies and overseeing the development and implementation of a robust procurement and risk management framework.  |
| **Executive Leadership Team** | The Executive Leadership Team (ELT) is responsible for developing and implementing WSA’s strategies, policies and performance and optimising performance on an ongoing basis. The ELT consists of executive leadership positions reporting to the CEO.The CFO is responsible for the strategic direction and governance of procurement within WSA. |
| **Procurement Team** | **Corporate Procurement** WSA Procurement is led by the General Manager Procurement reporting to the CFO and is responsible for:* Development and implementation of the procurement policies and procedures.
* Providing leadership, direction and guidance to Business Units on procurement matters, especially in relation to Tier 2, Tier 3, Tier 4 and Tier 5 procurements.
* Undertaking strategic procurement actions in relation to Tier 4 and Tier 5 Procurements to facilitate the establishment of contracts for the business to use.

WSA Procurement is accountable for the management of four key processes:* Strategic Procurement Planning.
* Source to Contract.
* Contract Management.
* Supplier Relationship Management.

**Project Procurement**WSA Commercial Delivery is led by the General Manager Commercial Delivery (GMCD) reporting to the EGMAI and is responsible for:* Undertaking strategic procurement actions in relation to Tier 4 and Tier 5 Procurements to facilitate the establishment of contracts for the design and construction of the WSA.
* Supplier relationship management of the WSA Delivery Partner and WSA Project Management Definition.
* Contract Management of panels relating to design, technical services and quantity surveying.

Ensuring WSA Delivery and WSA PMD adhere to WSA policies and procedures. |
| **Business Unit General Managers** | Business Unit General Managers are responsible for providing technical and business input to WSA Procurement for Tier 3, Tier 4 and Tier 5 Procurements, as well as directly managing procurement activities for Tier 1 and Tier 2 Procurements. They also provide day-to-day operational management of the supplier relationship and contract management. |
| **Employees** | All employees are responsible for adhering to relevant policies and procedures when undertaking procurement activities. |

# Financial Delegations

Only those persons authorised by the WSA DoA Policy are authorised to commit expenditure on behalf of WSA. These delegations must be adhered to in acquiring goods and services on behalf of WSA. No other individuals are authorised to commit expenditure on behalf of WSA.