



Te Puni Kōkiri
MINISTRY OF MĀORI DEVELOPMENT



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

Glossary of Procurement Terms



The purpose of this glossary is to provide easy to understand definitions for commonly used procurement terms and terms used in the progressive procurement policy. This glossary was developed by Te Kupenga Hao Pāuaua, the project team based at Te Puni Kōkiri.



Term	Definition
All-of-Government Contract (AoG)	<p>A type of collaborative contract that has been approved by the Procurement Functional Leader (the Chief Executive of MBIE). AoGs establish supply agreements with approved suppliers for selected common goods or services purchased by government (e.g., vehicles, laptops, and recruitment services).¹ There are 19 AoG panels which host the AoG listing.</p>
Buyers	<p>Mandated Government agencies who must apply the procurement rules.² Mandated Government agencies include Government Departments, Crown entities, and Crown Research Institutes.³</p> <p>See the list here.</p>
Closed Tender or Closed Competitive Process	<p>This is when a Government agency asks a select number of suppliers to tender for a contract opportunity. The contract opportunity is not openly advertised on GETS.⁴</p>
Common Capability Contract (CCC)	<p>A type of collaborative contract that has been approved by the Procurement Functional Leader. CCCs are used to create a range of supply agreements with approved suppliers for selected goods, services or works purchased by government.⁵ CCCs differ from All-of-Government and Syndicated Contracts because:</p> <ul style="list-style-type: none"> • Sometimes a private sector supplier may be able to purchase from a CCC when it is acting on behalf of an agency (authorised agent). • In some CCCs, the lead agency may charge a participating agency an admin fee or levy.⁶
Contract	<p>An agreement to provide goods and/or services. A contract can include:</p> <ul style="list-style-type: none"> • Formal individual contracts between agencies and Māori businesses for goods and services. • Any goods and services procured using an All-of-Government Contract, Common Capability Contract, or Approved Syndicated Contract with a Māori Business. • Any commercial engagements with a Māori business using a purchase order to complete the transaction. • Construction and property leases. • A payment to a marae or Māori community to purchase goods or services, such as accommodation, catering, or similar services.⁷ <p>Koha given as an unconditional gift is not a contract.</p> <p>A sponsorship arrangement is not a contract.</p>

Term	Definition
Goods	Items which can be owned including physical goods and personal property, as well as intangible property such as intellectual property (e.g. a software product). ⁸
Government Electronic Tenders Service (GETS)	The website where Government agencies advertise their tender opportunities for contracts over \$100,000 and manage the procurement process. GETS is open to both domestic and international suppliers.
Government Procurement Rules	These are the rules which set the Government's standards of good procurement practice. The Rules apply to all mandated Government agencies (see above). ⁹ The Ministry of Business, Innovation and Employment administers the Rules.
Intermediary	An organisation which matches and connects buyers and suppliers ¹⁰ to provide advice and support services to Māori businesses to help them become tender-ready. Te Puni Kōkiri has contracted Amotai to prototype this service. ¹¹
Notice of Procurement	The document published on GETS which tells suppliers about an upcoming contract opportunity (e.g. a Registration of Interest or a Request for Tender). ¹²
Procurement	The term for purchasing goods and/or services. It includes the initial planning stage, the tender process, to the delivery of the goods/services, and onto the disposal of the goods or the contract finish date. Government procurement is purchasing of goods and/or services by government agencies using taxpayer dollars. This can either be for internal use (such as computer software) or for public benefit (such as community services or a new playground).
Purchase Order	A Purchase Order (PO) is a document sent from the buyer to a supplier with a request for products or services. POs are generated from the Financial Management Information System (FMIS).
Progressive Procurement	Progressive procurement is when Government agencies look beyond price and consider wider social and public value when developing a tender and contracting a supplier. It combines elements of social procurement, supplier diversity, indigenous procurement, and wellbeing measures. ¹³
Open Tender or Open Advertising	When a government agency publishes their tenders on GETS and accepts responses from any domestic or international supplier. Contracts over \$100,000 are always Open Tender unless the agency can justify why the tender does not need to be.

Term	Definition
Request for Information (RFI)	<p>An RFI is used to get information about the market and from suppliers as to the type of goods/services currently available. It is not a type of tender document and must not be used on its own, as a tool to select a supplier. If an agency decides to proceed with a procurement the RFI must be followed by a tender.¹⁴</p>
Request for Proposal (RFP)	<p>An RFP is used if an agency wants proposals for goods/ services. Typically, the agency is open to innovation in the type of product or how the services are delivered. The end-product or service is important, rather than the process that the supplier follows to deliver them. Interested suppliers are invited to submit proposals, giving details of how their goods or services will deliver the outputs and outcomes, along with the proposed prices.¹⁵</p> <p>An RFP will include a Response Form which suppliers use when responding.</p>
Request for Quote (RFQ)	<p>The purpose of an RFQ is to seek quotes from suppliers for specified goods/services. It is usually used in low-risk procurement where the focus is price and the goods/services are easy to describe, 'stock standard' or 'off the shelf'.¹⁶</p> <p>An RFQ will include a Response Form which suppliers use when responding.</p>
Request for Tender (RFT)	<p>An RFT is used if an agency wants to receive tenders for goods/services. 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. The agency invites suppliers to submit tenders, giving detailed information on how their goods or services meet the specific requirements, along with their proposed prices.¹⁷</p>
Services	<p>Acts or work performed by the supplier for the buyer, (e.g., accounting, legal services, cleaning, consultancy, training, medical treatment, or transportation).¹⁸</p>
Social Procurement	<p>Social procurement is when Government agencies or organisations use their buying power to generate social and public value beyond the value of the goods, services or works being procured.</p> <p>Examples of social and public value in procurement include economic, social, cultural, and environmental outcomes that are generated as part of the delivery of the goods, services or works being delivered.¹⁹</p>

Term	Definition
Suppliers	Businesses that provide goods and/or services to Government agencies including but not limited to Māori owned businesses, iwi, not-for-profit organisations and Māori contractors/sole traders. ²⁰
Supplier Diversity	When an organisation's efforts to include different categories of suppliers in its procurement process results in a diverse supplier base. ²¹
Syndicated Contract	<p>A type of collaborative contract that has been approved by the Procurement Functional Leader. Syndicated contracts typically involve a group of agencies combining their needs and collectively going to market for common goods, services or works.</p> <p>There are two types of syndicated contract:</p> <ol style="list-style-type: none"> a. An Open Syndicated Contract (OSC) includes a common use provision allowing other, unspecified agencies to contract with the supplier on the same terms at a later stage. b. A Closed Syndicated Contract is limited to a group of named agencies.²²
Tender-ready	When a supplier has enough commercial maturity to access and bid for tenders on GETS and carry out the subsequent services or works. ²³

Disclaimer

This glossary is a selection of the most relevant procurement terms and definitions and is not intended to be a comprehensive guide to procurement terms. For further information regarding procurement definitions, please refer to the New Zealand Government Procurement website: <https://www.procurement.govt.nz>

The terms are true and accurate as on 5 November 2021, with references and source links for each definition. While every effort has been made to ensure the accuracy of the information, readers are advised to seek independent advice on matters and not rely on this publication. No liability is assumed by Te Puni Kōkiri for any losses suffered directly or indirectly by any person relying on the information contained in this publication.

References

- ¹ Government Procurement Rules, r 58.1, accessed at <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/other-rules-you-need-to-know/rule-55/>
- ² Te Kupenga Hao “Progressive Procurement - Buyer FAQs” (2021).
- ³ Te Kupenga Hao Pāuaua “Progressive Procurement – Information for Māori Businesses (Suppliers)” at 6.
- ⁴ Government Procurement Rules Definitions, accessible at <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ⁵ Government Procurement Rulesm r 60.1, accessible at <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/other-rules-you-need-to-know/common-capability-contracts/>
- ⁶ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>.
- ⁷ *Te Puni Kokiri Kaupapa Koha Koha Policy* (9 September 2020) at [7], Inland Revenue “Payments and gifts in the Māori community”(2015) at 1.
- ⁸ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
<https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/1>
- ⁹ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/1>
- ¹⁰ Minister for Economic and Regional Development and Minister for Māori Development *Supporting the Māori Economy and Achieving Economic and Social Outcomes Through Te Kupenga Hao Pauaua* (November 2020) at [48].
- ¹¹ Te Kupenga Hao Pāuaua “Progressive Procurement – Information for Māori Businesses (Suppliers)” at 6.
- ¹² <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹³ Te Kupenga Hao Pāuaua “Progressive Procurement – Information for Māori Businesses (Suppliers)” (2021) at 4, see also *Supporting the Māori Economy and Achieving Economic and Social Outcomes Through Te Kupenga Hao Pauaua* at [6] and [10].
- ¹⁴ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹⁵ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹⁶ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹⁷ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹⁸ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/definitions/>
- ¹⁹ *Supporting the Māori Economy and Achieving Economic and Social Outcomes Through Te Kupenga Hao Pauaua* at [3].
- ²⁰ Te Kupenga Hao Pāuaua “Progressive Procurement - Buyers FAQs” (2021).
- ²¹ *Supporting the Māori Economy and Achieving Economic and Social Outcomes Through Te Kupenga Hao Pauaua* at [22].
- ²² Government Procurement Rules, r 59.1, accessible at <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/other-rules-you-need-to-know/syndicated-contracts/>
- ²³ Te Kupenga Hao Pāuaua “Progressive Procurement – Information for Māori Businesses” at 3.