



Jargon Buster

Common procurement words & expressions explained

July 2013

Acknowledgement and thanks – development of this Guide

This guide is one in a series of guides that has been developed under the New Zealand Government Procurement Reform agenda. It aims to help suppliers better engage with government and support good procurement practice.

This guide is part of a Government initiative to make it easier for New Zealand businesses to engage with government. It has been developed after consultation and discussion, including feedback from the **Procurement Development Group**. Input and guidance were received from this advisory group comprising senior procurement advisers from government agencies: the Ministry of Foreign Affairs and Trade, the Ministry of Social Development, the Auckland District Health Board, the Ministry of Agriculture and Forestry, the Ministry of Justice, Inland Revenue and Public Trust.

Feedback on this guide

We want to ensure that this guide provides you comprehensive information on managing contracts. We're interested in your views on what works well and what we could improve. Please provide any feedback to: procurement@mbie.govt.nz

The Jargon Buster is a living document and will be updated regularly.

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Introduction

Who is this Jargon Buster for?

This Jargon Buster has been developed for government agencies and suppliers.

What's in the Jargon Buster?

It uses plain English to explain the specialist words and expressions that sometimes make procurement hard to understand.

This Jargon Buster is a guide only. Agencies, suppliers and different jurisdictions outside New Zealand may interpret some of the words and expressions differently. If this happens, and you find it confusing, ask the agency or supplier you are dealing with to explain what they mean.

The Jargon Buster includes terms that are used in the [Government Rules of Sourcing](#) (the Rules) and definitions of these terms include references to the Rule(s) or pages numbers in the Rules that apply. Definitions that come from other sources are also referenced.

Where can I get more information?

More information on procurement terms can be obtained from the following sources:

- **Office of the Auditor General:** www.oag.govt.nz
- **Treasury:** www.treasury.govt.nz
- **State Services Commission:** www.ssc.govt.nz
- **Chartered Institute of Purchase & Supply:** The Official Dictionary of Purchasing & Supply by Professor Jessop and HK Compton.

Definitions

| Expression | Definition or explanation | Reference |
|--|--|--------------------|
| Accessory | An extra part that is not essential but desirable that contributes to an effect or result. | |
| Activity based costing (ABC) | A costing model used to determine the cost of producing a product or providing a service based on the resources they use. | |
| Acquisition | Ordering, processing, receiving and paying for goods or services to complete a purchase from a supplier. | |
| Added value | In procurement terms, a product or service that has extra features, better availability or a more convenient location that adds value without significantly increasing its cost. In accounting terms, the difference between the cost of producing a product and its sale price. | |
| Advance payment | Paying or part-paying a supplier before goods or services are delivered. Advance payments may be used to negotiate a reduced price or to cover initial supply costs. | |
| Agency | Any one of the New Zealand government departments and ministries listed in Schedule 1 of the State Sector Act 1988 and New Zealand Police and New Zealand Defence Force. | Rule 6 |
| Agreement | When all parties agree certain terms and conditions to form a contract eg a purchase and supply agreement. Agreements are sometimes called contracts. | |
| Agreement on Government Procurement (GPA) | Commonly referred to as the Government Procurement Agreement. A World Trade Organization agreement that is a legally-binding treaty between participating countries. It is based on the principles of openness, transparency and non-discrimination. It sets out detailed rules for good procurement process. | |
| Aggregation | A group of buyers that combine its' spend to leverage discounts or achieve better quality, efficiencies or outcomes. Syndicated contracts and all-of-government contracts are examples of aggregation. | |
| All-of-government (AoG) contracts | A type of collaborative contract that has been approved by the Procurement Functional Leader AoGs are usually panel contracts established by the Ministry of Business, Innovation and Employment (MBIE) or other approved Centres of Expertise for common goods or services eg vehicles, laptops, and recruitment services. | Rule 55 |
| Allowable reduction | An agency is allowed to reduce the minimum time periods the Government Rules of Sourcing (the Rules) set out for tender response deadlines (Rule 28) if it: <ul style="list-style-type: none"> has listed the contract opportunity in its annual | Rule 28 Rule 31 |

| Expression | Definition or explanation | Reference |
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| | <p>procurement plan not less than 2 months and not more than 8 months before the publication of the Notice of Procurement</p> <ul style="list-style-type: none"> all tender documents are made available electronically at the same time as the publication of the notice of procurement accepts responses electronically. <p>The number of business days that apply to each allowable reduction are set out in the Rules (Rule 31).</p> | |
| Alternative dispute resolution (ADR) | Alternative dispute resolution (ADR) encourages parties to use mediation and other processes to resolve disputes instead of using the courts. | |
| Annual procurement plan (APP) | An agency's list of planned contract opportunities that meet or exceed the value thresholds set out in the Rules . It's a rolling list covering at least the next 12 months. Agencies must submit updated APPs to the Ministry of Business, Innovation, and Employment to publish every 6 months. APPs give suppliers a 'heads up' on anticipated government contract opportunities. | Rule 17 |
| Application to qualify | An application by a supplier to be included in an agency's pre-qualified suppliers list . A supplier must prove it has the capability and capacity to deliver specific types of goods, services or works to be included in the list. | Rule 53 |
| Approach to market | The formal process of notifying potential suppliers of a contract opportunity and inviting them to respond. An example of an approach to the market is a request for tender published on Government Electronic Tenders Service (GETS) | |
| Approach to market strategy | A strategy for how to approach suppliers who may have the capability to supply goods or services. The approach to market will depend on the value and complexity of the procurement. A strategy could include asking for requests for tender on GETS or contacting known suppliers for quotes. | |
| Approved Government Model Templates | Simple, plain English templates that make it easier for agencies and suppliers to do business. They were developed to improve the consistency of procurement practice across government. | Rule 59 |
| Appropriation | <p>Parliament uses Appropriation Acts to authorise the Crown to spend public money.</p> <p>The Crown may only use public money for the purpose it was appropriated for and may not spend more than was appropriated.</p> <p>The Public Finance Act has strict rules about overspending and transferring between appropriations.</p> <p>Appropriations are accrual-based and occur when the</p> | |

| Expression | Definition or explanation | Reference | | | | | | | | |
|------------------------------|--|----------------------------|---------------------|---------------------------|-----------|------------------------------|---------------------|-------------------|--|--|
| | Crown enters into a contract and not when it pays for it. | | | | | | | | | |
| Approved personnel | Person(s) who a supplier must use to deliver services to a buyer. The person(s) are usually named in a contract . The supplier may not use any other person unless the buyer agrees to it in writing before delivery. | | | | | | | | | |
| Arbitration | A formal, confidential, and binding process where two or more parties agree to let an impartial third party decide how to resolve a dispute between them. The Arbitration Act 1996 sets out the rules for arbitration. | | | | | | | | | |
| Attachment | An extra part that can be connected to something else, for a particular function. | | | | | | | | | |
| Balanced scorecard | A tool that measures performance from a financial, customer, internal business process, and learning and growth perspective to give a 'balanced' view of an organisation. It's used to: <ul style="list-style-type: none"> align business activities to the organisation's vision and strategy improve internal and external communications monitor the organisation's performance against strategic goals. | | | | | | | | | |
| BATNA | An acronym for best alternative to a negotiated agreement. You can compare competitor offers to a BATNA to negotiate a better contract or agreement. | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>If a proposed agreement...</th> <th>then you should ...</th> </tr> </thead> <tbody> <tr> <td>is better than your BATNA</td> <td>accept it</td> </tr> <tr> <td>isn't better than your BATNA</td> <td>reopen negotiations</td> </tr> <tr> <td>can't be improved</td> <td> <ul style="list-style-type: none"> consider withdrawing from negotiations pursue your BATNA, if cost-effective </td> </tr> </tbody> </table> | If a proposed agreement... | then you should ... | is better than your BATNA | accept it | isn't better than your BATNA | reopen negotiations | can't be improved | <ul style="list-style-type: none"> consider withdrawing from negotiations pursue your BATNA, if cost-effective | |
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| can't be improved | <ul style="list-style-type: none"> consider withdrawing from negotiations pursue your BATNA, if cost-effective | | | | | | | | | |
| Benchmarking | Measuring performance and comparing it to the best industry standards to work out how: <ul style="list-style-type: none"> other organisations achieve their high performance levels you can improve your own performance. | | | | | | | | | |
| Benefit realisation | The process of making sure that a planned change or process results in the forecasted benefits. | | | | | | | | | |
| Bespoke procurement | A made-to-measure procurement. | | | | | | | | | |

| Expression | Definition or explanation | Reference |
|---|--|-----------|
| Best and final offer (BFO) | The most favourable terms that the supplier is willing to offer the buyer. | |
| Bid rigging | Suppliers coordinate their bids to fix a price for procurement. Also called collusive bidding The two most common forms of bid rigging are where suppliers agree to submit: <ul style="list-style-type: none"> • bids at the same price to eliminate price competition • the lowest bid on a rotational basis until each supplier wins an agreed number of contracts | |
| Break clause | A clause that allows the buyer to end a contract without any penalties. | |
| BOOT | An acronym for build own operate transfer. An organisation or consortium (the BOOT provider) designs, builds, funds, owns and operates an infrastructure project for a defined period of time, after which the ownership is transferred. A third party can lease the facilities in the operating phase. BOOT is a popular way to finance large-scale infrastructure developments like roads, bridges, and hydro dams. They are often part of a public private partnership arrangement. | |
| Business activities | Any activity that is performed with the goal of running a business. In the private sector these activities are associated with making a profit eg operations, marketing, production or administration. | |
| Business case | A management tool that supports decision-making for an investment. It sets out the reasons for a specific project, considers alternative solutions and identifies assumptions, constraints, benefits, costs and risks | Rule 19 |
| Business continuity planning (BCP) | The plans an organisation puts in place to make sure that critical functions can continue during and after a disaster. | |
| Business day | A day when New Zealand government agencies and suppliers are normally open. It excludes Saturdays, Sundays, New Zealand (national) public holidays and all days from Boxing Day up to and including the day after New Year's Day. | |
| Business needs analysis | An assessment of the specific goods or services that will fulfil a business need, including: <ul style="list-style-type: none"> • gathering, understanding, reviewing, and articulating stakeholders' needs • analysing the needs and checking for consistency and completeness • documenting the specification of requirements | |

| Expression | Definition or explanation | Reference | | | | | | |
|--|--|----------------------|--------------------|----------|---|-------|--|--|
| | <ul style="list-style-type: none"> validating the specification is correct and will meet the business needs. | | | | | | | |
| Buy | Paying for something with money or by exchange. | | | | | | | |
| Buyer | A person, business, company or organisation that buys or intends to buy goods or services from a supplier. | | | | | | | |
| Buying | Ordering, processing, receiving and paying for goods or services to complete a purchase from a supplier. | | | | | | | |
| Capital expenditure (CAPEX) | Funds used to buy a new asset or upgrade an existing one eg buildings, plant, machinery, equipment or vehicles. | | | | | | | |
| Caveat emptor | It means <i>let the buyer beware</i> . The buyer accepts the goods 'as is' and the risk that they may be defective or unsuitable. | | | | | | | |
| Change control | <p>A formal process to make sure that changes to a product or system or delivery of goods or services are introduced in a controlled way. Change control involves:</p> <ul style="list-style-type: none"> assessing the impact and costs of the proposed change agreeing and recording the change tracking and monitoring the delivery. | | | | | | | |
| Charges | <p>In government model contracts, charges are the total amount the buyer must pay the supplier.</p> <table border="1"> <thead> <tr> <th>In a contract for...</th> <th>charges include...</th> </tr> </thead> <tbody> <tr> <td>services</td> <td> <ul style="list-style-type: none"> fees agreed expenses daily allowances </td> </tr> <tr> <td>goods</td> <td> <ul style="list-style-type: none"> costs agreed expenses </td> </tr> </tbody> </table> | In a contract for... | charges include... | services | <ul style="list-style-type: none"> fees agreed expenses daily allowances | goods | <ul style="list-style-type: none"> costs agreed expenses | |
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| goods | <ul style="list-style-type: none"> costs agreed expenses | | | | | | | |
| Chartered Institute of Purchasing & Supply (CIPS) | CIPS is a UK based international organisation dedicated to promoting best practice in procurement. | | | | | | | |
| Clear business day | One full business day from 9am to 5pm. | Rule 29 | | | | | | |
| Closed competitive process | A tender process where an agency asks a limited number of known suppliers to tender for a contract opportunity . The contract opportunity is not openly advertised. | Rule 15 | | | | | | |
| Closed tender | A tender process where the buyer invites suppliers that it knows can meet or are close to meeting the contract requirements, to tender for work. | | | | | | | |

| Expression | Definition or explanation | Reference |
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| Cluster | <p>A group of organisations that aggregate their procurement requirements before approaching the market.</p> <p>The cluster usually appoints a lead agency to formally approach the market. A cluster is a syndicated procurement</p> | |
| Code of conduct | <p>An ethical framework that includes the principles of integrity, respect and accountability and applies to all employees in an organisation, industry or profession.</p> <p>You can read New Zealand's State sector Standards of Integrity & Conduct at www.ssc.govt.nz</p> | |
| Collusion | A secret agreement or cooperation between two or more parties to cheat or deceive others by illegal, fraudulent or deceitful means. | Rule 30 |
| Collusive bidding | See bid rigging | |
| Commercial in confidence | <p>A classification that identifies information that, if disclosed, may result in damage to a party's commercial interests, intellectual property or trade secrets.</p> <p>You must not disclose any information marked 'Commercial in Confidence' without permission from the party who supplied it.</p> | |
| Commercially sensitive information | Information that, if disclosed, could prejudice a supplier's commercial interests eg trade secrets, profit margins or new ideas. | Rule 5 |
| Commissioning | The process used to test equipment to verify that it functions according to its specifications. | |
| Commodity market | A legally regulated exchange (market) where raw goods or primary products, such as agricultural produce, metals and electricity, are bought and sold using standardised contracts eg the London Metal Exchange and the Chicago Board of Trade. | Rule 15 |
| Common Capability (CC) contract | <p>A type of collaborative contract that has been approved by the Procurement Functional Leader</p> <p>CCs establish various supply agreements eg for ICT goods or services purchased across government with approved suppliers.</p> <p>Common Capability contracts differ from all-of-government and syndicated contracts because:</p> <ul style="list-style-type: none"> • in some instances, a private sector supplier may be authorised to purchase from a CC contract when it is acting on behalf of an agency (authorised agent) • in some voluntary CC contracts the lead agency may charge participating agencies an administration fee or levy. | Rule 57 |
| Common use | A contract clause used in syndicated procurement to allow | |

| Expression | Definition or explanation | Reference |
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| provision (CUP) | eligible buying agencies to join a contract during its term, on the same terms and conditions as the original parties. Also called a 'CUP' clause. | |
| Competition | Rivalry between suppliers for sales, profits and market share. Competitive tension in the market and can produce innovation, better quality goods or services, better value and better pricing. | Rules 5, 15, 21 |
| Competitive advantage | A factor, such as the ability to demonstrate quality, that helps an organisation compete successfully with other organisations for business. | |
| Competitive dialogue | A technical term for a special type of competitive procurement process that is used for novel or unique and high-value procurements, usually when there isn't a known solution in the market. The agency openly advertises an invitation to participate in the competitive dialogue process and then shortlists the suppliers who will develop either a single solution or a different solution in individual dialogue sessions with the agency. Once solutions have been developed each shortlisted supplier is invited to respond to a request for proposal or request for tender | Rule 31 |
| Confidential information | A classification that identifies sensitive information that, if disclosed, could damage the person or organisation it relates to. | |
| Configuration | Setting up for operation, in a particular way for a particular purpose. | |
| Conflict of interest | Where someone's personal interests or obligations conflict or have the potential to conflict with the responsibilities of their job or position or with their commercial interests. It means that their independence, objectivity or impartiality can be called into question. For more information refer to MBIE's Quick Guide: Conflict of Interest | Rules 15, 54 |
| Consortium | A group of businesses, financial institutions or investors who join together to take part in a joint venture. | |
| Construction | Any activity for creating, renovating, repairing or extending buildings and engineering land improvements, and structures eg buildings, roads, bridges, dams. | |
| Constructive market engagement | Meeting with suppliers to discuss your needs and find out what's on offer in the marketplace. | |
| Consumables | Items that may be 'used up', depleted or worn out by use, that customers buy recurrently. | |
| Continuous | An ongoing effort to improve products, services, or | |

| Expression | Definition or explanation | Reference |
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| improvement | processes. These improvements may be implemented over time or all at once. | |
| Contract | A legally binding agreement between two or more parties. | |
| Contract award notice | A notice published on GETS that advises the details of a contract once it has been awarded. | |
| Contract management | <p>The process of making sure that the supplier meets the terms of a contract, including delivering the goods or services on time, at the agreed cost and to the required specification and quality standards.</p> <p>The three key elements are:</p> <ul style="list-style-type: none"> • service delivery management • relationship management • contract administration. | |
| Contract management plan | A plan with steps to monitor whether a supplier meets the terms of a contract and to rate their performance. | |
| Contract manager | <p>The person responsible for resolving disputes, managing issues and key stakeholder relationships, and day-to-day contract management</p> <p>A contract manager usually works to a contract management plan</p> | |
| Contract opportunity | An opportunity for suppliers to bid for a contract for goods, services or works. | Rule 32 |
| Contract register | <p>A list of contracts that includes the name of the supplier, the type of goods or services purchased, the contract price, and the length of the contract.</p> <p>The register gives an overview of an organisation's procurement profile and supports ongoing contract management.</p> <p>See www.business.govt.nz/procurement for a contract register template.</p> | |
| Copyright | A set of exclusive rights granted to the author or creator of an original work, including the right to copy, distribute and adapt the work. | |
| Corporate social responsibility | Operating a business or organisation in an ethical way that has a positive effect on society, the environment and the economy. | |
| Corruption | Inducing dishonest or illegal behaviour for private gain eg taking a bribe. | |
| Corrective maintenance | Activities that are carried out to identify and repair a fault so that failed equipment, machines or systems can be returned to their usual working state. | |

| Expression | Definition or explanation | Reference |
|-------------------------------|--|-----------|
| Cost | The total \$ amount spent on the effort, materials, resources and time to produce and deliver a product or service. | |
| Cost benefit analysis | Analysing the likely costs and benefits of a plan or project to help decide whether it should go ahead. | |
| Cost of change | The cost of managing a changed requirement through the life of a project, either because it was missed or misunderstood. Also known as a dependency cost | |
| Crown Entity | An organisation that forms part of New Zealand's State Sector under the Crown Entities Act 2004 . All Crown Entity organisations are listed in schedules 1 or 2 of the Act. Most Crown entities exist under their own governing legislation. See www.ssc.govt.nz for a list of government agencies. | |
| Daily allowance | An allowance in a government model contract that covers a supplier's accommodation, meals and incidentals if they are required to travel overnight away from their normal place of business. | |
| Daily fee rate | The fee the buyer pays the supplier for each day spent delivering contracted services. The contract will usually define how many hours make a day eg eight hours of work. | |
| Deadline for responses | The closing time and date for responses for a notice of procurement or any other call for tenders. Tenders submitted after the deadline for responses are deemed to be late and may not be accepted by the agency. | Rule 33 |
| Decommissioning | The planned shut-down or removal of a building, equipment, plant etc from operation or use. | |
| Deliverable | A tangible contract output eg a piece of equipment, a report, training. | |
| Demand | The quantity of a particular product or service wanted by purchasers, consumers, clients, employers etc. | |
| Department | All New Zealand government departments and ministries listed in Schedule 1 of the State Sector Act 1988 and the New Zealand Defence Force, New Zealand Police, Office of the Clerk, Parliamentary Counsel Office, Parliamentary Service, and New Zealand Security Intelligence Service. | |
| Dependency cost | The cost of managing a changed requirement through the life of the project, either because it was missed or misunderstood. Also known as cost of change | |
| Direct source | A tender process where an agency asks a single supplier to tender for a contract opportunity and the contract | Rule 15 |

| Expression | Definition or explanation | Reference |
|------------------------------|---|-----------|
| | opportunity is not openly advertised. | |
| Discrimination | Making an unfair and prejudicial judgement for or against a person or product. | Rule 4 |
| Disposal | Removing equipment or waste from a business operation by sale, trade-in, donation or destruction. | |
| Disposal account | An account that shows the debit and credit side of an asset for disposal. The debit side shows the original cost of the asset. The credit side shows the revenue from the sale of the asset and the accumulated depreciation provided for, for the years the asset was being used. | |
| Disposal notice (DIS) | A notice to the market seeking potential buyers for an asset at the end of its useful life. | |
| Due diligence | Making sure you get what you think you are paying for. | |
| Duopoly | A market controlled by two suppliers. | |
| Dutch auction | An unprofessional practice where the buyer plays off one supplier against the other to get a cheaper price or better deal. | |
| E-auction | An online reverse auction that takes place in real time. It gives suppliers the opportunity to bid against each other to improve their offers. | Rule 42 |
| E-commerce | Using electronic systems such as the internet to buy and sell goods. | |
| Education services | A generic term for public education services provided by government that includes: <ul style="list-style-type: none"> • primary education services - preschool and primary school • secondary education services - general and higher, technical and vocational • higher education services - post-secondary, sub-degree technical and vocational, and those leading to a university degree or equivalent • adult education services for adults not in the regular school and university system • other education services not definable by level, excluding sport and recreation education. | Rule 13 |
| E-marketplace | An online market place where buyers and sellers can do business electronically. | |
| Emergency | A sudden unforeseen catastrophe that results in injury, loss of life or critical damage to property or infrastructure Examples include: <ul style="list-style-type: none"> • natural disasters eg earthquakes, cyclones, | Rule 15 |

| Expression | Definition or explanation | Reference |
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| | <p>tsunamis or flooding</p> <ul style="list-style-type: none"> critical infrastructure failures eg a national power outage critical health emergencies eg a pandemic political emergencies eg a coup or civil insurrection security emergencies eg a terrorist attack. | |
| End date | The date a contract ends. | |
| E-procurement | The ability to buy and sell on the internet. | |
| Escrow | A neutral third-party holds an asset, document or money until agreed conditions are met by another party to an agreement | |
| Estimate | A rough guess at the price for supplying particular goods or services. | |
| Ethics | A set of moral principles or values. A business may adopt these to safeguard against activities or products that are harmful to society or the environment eg child labour, exploitation. | |
| Evaluation criteria | The criteria that are used to evaluate responses . These include measures to assess how well competing responses meet requirements and expectations eg criteria to shortlist suppliers following a registration of interest or criteria to rank responses to a request for tender | |
| Evaluation methodology | The collective processes for evaluating responses eg bids, tenders or proposals. | |
| Exemption from open advertising | <p>The recognised circumstances where an agency does not need to openly advertise a contract opportunity eg procurement in response to an emergency</p> <p>An agency choosing not to advertise under this Rule must document the reason(s) and publish a contract award notice after the contract has been awarded.</p> | Rule 15 |
| Expenses | The costs of operating a business to earn revenue eg, supplier payments, employee wages, factory leases, and depreciation. | |
| Expression of interest (EOI) | A summary from a potential supplier that shows they are interested in and capable of delivering particular goods or services. Asking for EOIs is usually the first stage of a multi-step tender process. | |
| Extraordinary event | An event beyond the control of the parties that legally excuses a party from fulfilling contract conditions. Also known as a force majeure | |
| Fees | The amount the buyer pays the supplier for the time spent delivering services. Fees may be fixed price or calculated | |

| Expression | Definition or explanation | Reference |
|-----------------------------------|---|-----------|
| | on an hourly or daily basis. | |
| Financial year | The New Zealand government's financial year is 1 July to 30 June. | Rule 16 |
| Firm price | A price that parties to a contract agree may not change during the term of the contract. Also fixed price | |
| Fixed price | Same as a firm price | |
| Force majeure | An uncontrollable event that legally excuses a party from fulfilling contract conditions. Also extraordinary event | |
| Framework agreement | <p>In relation to panel contracts, it is the umbrella agreement that governs the relationship between an agency and each panel supplier. It sets out the terms and conditions (including pricing) that the parties agree to contract on when a panel supplier is allocated a contract.</p> <p>It is not usually a contract, but an 'in-principle' agreement. Parties only contract once a specific deliverable is determined. Parties then enter into a separate contract that refers to the terms and conditions set out in the framework agreement.</p> | Rule 54 |
| Free Trade Agreement (FTA) | A trade treaty between two or more countries. Usually these agreements aim to improve access to markets and remove barriers to trade. | Page 4 |
| Gateway assurance | A strategic level peer review of a procurement project carried out at critical points of the project's development by a team of experienced people who are independent of the project (selected by the State Services Commission). These critical points are called 'gates'. Gateway Assurance is Cabinet mandated for high risk capital projects in departments and Crown Agents. | Rule 64 |
| GST | Goods and Services Tax (GST) is a tax on most goods and services produced in New Zealand, most imported goods, and certain imported services. GST is added to the price of taxable goods and services. | Rule 9 |
| Gap analysis | An assessment of the time, money, and human resources needed to achieve the difference 'between where we are and where we want to be'. | |
| Geospatial information | Information about the relative position of things on the earth's surface. | Rule 60 |
| GETS | An acronym for Government Electronic Tenders Service. GETS is a website managed by the New Zealand Government. It is a free service that advertises NZ Government contract opportunities and is open to both domestic and international suppliers. All tender information and documents are made freely available through GETS. | |

| Expression | Definition or explanation | Reference |
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| GETS listing | <p>The summary of a contract opportunity that is published on GETS. It includes some key information like:</p> <ul style="list-style-type: none"> • the name of the buying agency • the process for approaching the eg request for proposal • the deadline for responses • the address for any enquiries. | Rule 33 |
| Goods | <p>Items that can be owned. This includes physical goods and personal property as well as intangible property such as intellectual property eg a software product.</p> | Rules 7, 8 |
| Government departments | <p>The core New Zealand government departments and ministries listed in Schedule 1 of the State Sector Act 1988 (Public Service) and non-Public Service departments (New Zealand Defence Force, New Zealand Police, New Zealand Security Intelligence Service, Parliamentary Counsel Office, Office of the Clerk of the House of Representatives and Parliamentary Services).</p> <p>See State Services Commission's list of departments at www.ssc.govt.nz</p> | Rule 6 |
| Government Electronic Tenders Service (GETS) | <p>GETS is a website managed by the New Zealand Government. It's a free service that advertises NZ Government contract opportunities and is open to both domestic and international suppliers. All tender information and documents are made freely available through GETS. The Ministry of Business Innovation, and Employment – Economic Development group operates GETS through its website www.gets.govt.nz</p> | |
| Government model contract (GMC) | <p>A type of approved government model template that agencies must use for their procurement activities whether or not the Rules apply to the procurement eg GMC for services, GMC for goods.</p> | Rule 59 |
| Government Procurement Agreement (GPA) | <p>The World Trade Organization's Agreement on Government Procurement.</p> | |
| Government Rules of Sourcing | <p>Replace the mandatory Rules for Procurement and focus mainly on the process of sourcing, including:</p> <ul style="list-style-type: none"> • planning your procurement • market research • approaching the market • evaluating responses • negotiating • awarding the contract | |
| Government's | <p>This relates only to the acquisition of fiscal agency or</p> | Rule 13 |

| Expression | Definition or explanation | Reference |
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| central financial control functions | <p>depository management services, liquidation and management services for regulated financial institutions, and sale and distribution services for government debt.</p> <p>These are central banking control functions on behalf of government such as those carried out by the Reserve Bank and Crown debt management functions such as those carried out by the Treasury.</p> <p>Ordinary commercial banking and financial services are not covered by this definition and are not valid opt-out procurements, as defined in the Rules</p> | |
| GPA | <p>The World Trade Organization's Agreement on Government Procurement is commonly referred to as the Government Procurement Agreement or GPA.</p> | Page 4 |
| Grant | <p>Financial assistance in the form of money paid by the government to an eligible organisation with no expectation that the funds will be paid back.</p> <p>It can be either:</p> <ul style="list-style-type: none"> • a conditional grant, where the recipient undertakes specific obligations in return for the money • an unconditional grant, where the recipient has no specific obligations to perform in return for the money. | Rules 12, 13 |
| GST | <p>Goods and Services Tax (GST) is a tax on most goods and services produced in New Zealand, most imported goods, and certain imported services. GST is added to the price of taxable goods and services.</p> | Rule 9 |
| Guidance | <p>A generic name for a range of New Zealand government good procurement practice guides, tools and templates. These can be found at www.procurement.govt.nz</p> | Page 5 |
| Health services | <p>A generic term for public health services provided by government that includes:</p> <ul style="list-style-type: none"> • hospital services (in-outpatient and outpatient) including: surgical, medical, gynaecological and obstetrical, rehabilitation, psychiatric and other hospital services delivered under the direction of medical doctors chiefly to outpatients, aimed at curing, restoring, and/or maintaining the health of such patients • general and specialised medical services • military hospital services and prison hospital services • residential health facilities services other than hospital services • ambulance services • services such as supervision during pregnancy and | Rule 13 |

| Expression | Definition or explanation | Reference |
|-----------------------------------|--|-----------|
| | <p>childbirth and the supervision of the mother after birth</p> <ul style="list-style-type: none"> services in the field of nursing (without admission) care, advice and prevention for patients at home, the provision of maternity care, children's hygienics etc. Physiotherapy and para-medical services ie services in the field of physiotherapy, ergotherapy, occupational therapy, speech therapy, homeopathy, acupuncture, nutrition instructions etc. | |
| Hidden costs | Expenses that are not normally included in the purchase price for a piece of equipment or machine eg maintenance, supplies, training, support and upgrades. | |
| Hosting fee | Payment for server space or the computer that allows your website to be online. | |
| Hourly fee rate | The fee a buyer pays a supplier for each hour spent delivering contracted services. | |
| ICT | Information and communications technology. | |
| Infrastructure | The basic systems that are integral to NZ's economic well-being eg road and rail networks, power supplies, educational institutions. | |
| Inputs | The people, material, energy, information, and financial resources used to produce a desired output. | |
| Installation | Putting in place, connecting and preparing for use. | |
| Integration | <p>Making connections or combining parts so that they work together or form a whole.</p> <p>In ICT, creating links between previously separate computer systems, applications, services or processes.</p> | |
| Intellectual property | <p>Property that is the product of creative imagination eg a novel, house design, an idea for a new IT software system.</p> <p>Some intellectual property can be protected by law including confidential information, copyrights, trademarks, registered designs or design rights or patents.</p> | |
| Invitation to tender (ITT) | Asking potential suppliers to submit tenders to supply goods or services. | |
| Invitation To qualify | <p>An invitation to suppliers, published on GETS, to apply to be included in an agency's pre-qualified suppliers list</p> <p>The invitation details the criteria each supplier must meet to be included in the list and explains how the agency will check each supplier meets those criteria.</p> | Rule 53 |
| Invitation to register | An invitation to suppliers published on GETS , to register their interest in supplying a specific type of good or service. Suppliers who register their interest are included in a | Rule 52 |

| Expression | Definition or explanation | Reference |
|---|---|-----------|
| | registered suppliers list | |
| Issues register | A record of issues used to track and manage problems in a project. | |
| Joint liability | A legal obligation where two or more persons are equally liable for a debt or claim. The person owed the money can collect an equal share from each debtor or sue them jointly. The debtors cannot be sued individually. The opposite of joint and several liability | |
| Joint and several liability | A legal obligation where two or more parties are each liable for the whole amount of a debt or a claim. The person owed the money can collect the entire amount from any one of the debtors or choose to sue one or more debtors. The opposite of joint liability | |
| Key performance indicators (KPIs) | A set of financial and non-financial values used to measure the success of an organisation or a particular activity eg a project or contract deliverables. | |
| Lead time | The time between the start and end of a process. In supply change management, it's the time from when a customer places an order, any manufacturing takes place, and the goods or services are delivered. | |
| Letter of intent | A letter that outlines a plan to do business at a later date. Letters of intent are not legally binding. | |
| Licence | Permission granted by an authority to own or use something or to allow an activity to take place that would otherwise be illegal. | |
| Lost benefit | The cost of any activity measured in terms of the value of the next best alternative that is not selected. | |
| Maintenance repair and operating (MRO) | Consumables used to repair, maintain or operate any part of the production process but that are not part of the end product. This might include spare parts to repair machinery that makes a product or tools to maintain the facility where the product is made. | |
| Maintenance | The work of keeping something in proper condition, care or upkeep including: <ul style="list-style-type: none"> • taking steps to avoid something breaking down (preventative maintenance) • bringing something back to working order (corrective maintenance). | |
| Maintenance kit | A collection of items which provide replacement parts and facilitate functions such as inspection, test, repair, or preventive maintenance, for the purpose of restoring a component or equipment to its original efficiency. | |

| Expression | Definition or explanation | Reference |
|---|---|--------------|
| Manage for results (MfR) | <p>A process that combines strategic planning, performance indicators and budgeting to focus more on the results of government programmes and less on how much money was spent or how much work was done.</p> <p>Public sector management has adopted MfR, which complements the balanced scorecard. See 'Planning and Managing for Results Guidance for Crown Entities' at www.ssc.govt.nz</p> | |
| Management information systems (MIS) | A computer system used to analyse operational activities and performance. MIS provide information about people, technology and resources needed to manage organisations efficiently and effectively. | |
| Market | <p>A virtual or real place where sellers offer their goods or services in exchange for money (or barter) from buyers. The competition at market affects the price of goods and services.</p> <p>A market types include:</p> <ul style="list-style-type: none"> • monopoly • monopsony • duopoly • oligopoly • oligopsony • pure competition | |
| Market soundings | Asking potential suppliers what they think of possible solutions and about their interest in, capability and capacity to provide those solutions without expecting any commitment from the suppliers. | |
| Maximum total estimated value | A genuine estimate of the total cost that an agency will pay over the whole-of-life of the contract. It covers the full contract cost of goods or services, and any other expenses such as maintenance and repairs, and the cost of disposing of the goods at the end of the contract. | Rule 9 |
| Minimum time periods | The least amount of time that an agency must allow suppliers to respond to a particular contract opportunity , set by the Rules | Rules 27, 31 |
| Milestone | A measure of progress toward an outcome. Contract payments are sometimes linked to successfully completing each milestone. | |
| Misrepresentation | A false or misleading statement made by one party to induce another party to enter into a contract | |
| Monopoly | A market with a single supplier eg Transpower owns and maintains New Zealand's only electricity grid. | |

| Expression | Definition or explanation | Reference |
|--------------------------------|--|-----------|
| Monopsony | A market with a single buyer eg Transrail is the only buyer of railway machinery and equipment in New Zealand. | |
| Multi-step process | A procurement process with more than one step eg a registration of interest followed by a request for proposal See two stage tendering | Rule 31 |
| Negotiation | A dialogue between two or more people or parties, intended to produce outcomes to satisfy the various interests of two people or parties involved. | |
| Negotiation plan | A plan that details what you need from a supplier as well as the things that you are willing to give up or compromise on. | |
| Net present value (NPV) | A calculation that compares the present value of a dollar with its future value, taking into account inflation and returns to analyse the profitability of an investment. | |
| Net profit | What's left of the profit after all of the expenses and losses are deducted, either before or after tax. | |
| New construction works | In the Rules , it means the goods and services associated with delivering new civil or building construction works eg buildings, roads, bridges and dams. It covers new builds and replacing existing constructions. It includes various stages in the project such as: <ul style="list-style-type: none"> • demolition of previous structure • pre-erection works at construction sites, including site investigation work • construction work for buildings, residential and non-residential • construction work for civil engineering • assembly and erection of prefabricated constructions ie installation on site of complete prefabricated buildings or other constructions, or the assembly and erection on site of prefabricated sections of buildings or other constructions • special trade construction work such as foundation work, including pile driving, water well drilling, roofing and water proofing, concrete work, steel bending and erection, erection work from purchased or self-manufactured structural steel components for buildings or other structures such as bridges, overhead cranes or electricity transmission towers, steel reinforcing work and welding work • masonry work • installation work such as heating, ventilation and air conditioning work, water plumbing and drain laying work, gas fitting construction work, electrical work, insulation work (eg electrical wiring, water, heat, sound), fencing and railing construction work, other | Rule 8 |

| Expression | Definition or explanation | Reference |
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| | <p>installation work (eg installation of lifts and escalators and moving sidewalks), fire escape equipment and construction work (eg staircases)</p> <ul style="list-style-type: none"> • building completion and finishing or such as glazing work and window glass installation work, plastering work, painting work, floor and wall tiling work, floor laying, wall covering and wall papering work, wood and metal joinery and carpentry work, interior fitting decoration work, ornamentation fitting work, other building completion and finishing work (eg special trade building acoustical work involving the application of acoustical panels, tiles and other material to interior walls and ceilings) and steam or sand cleaning work of building exteriors • renting services related to equipment for construction or demolition of buildings or civil engineering works. | |
| Nominated contact officer | <p>An employee an agency nominates to be the ‘go to’ person for potential suppliers during the procurement process. Suppliers are directed to contact only this person for information about the procurement.</p> <p>The nominated contact officer should not be involved in evaluating offers.</p> | |
| Non-public service department | <p>State services organisations outside the core public service including:</p> <ul style="list-style-type: none"> • New Zealand Defence Force • New Zealand Police • Office of the Clerk of the House of Representatives. | |
| Notice | A formal or legal communication from one party to another. | |
| Notice of procurement | The document published on GETS that advertises a new contract opportunity eg a registration of interest or a request for tender . It sets out all the information that suppliers need to prepare and submit a meaningful response | Rules 34, 35 |
| Official Information Act 1982 | A New Zealand law that sets out the information that government must make freely available to the New Zealand public. | Rule 5 |
| Offset | In the Rules , an offset is a condition or undertaking intended to develop the local economy or improve the balance-of-payments accounts by requiring or encouraging suppliers to purchase national products. | Rule 3 |
| Oligopsony | A market where many suppliers compete to sell their product to a few large and powerful buyers who have a disproportionate influence over the market. | |
| Oligopoly | A situation where a few large and powerful suppliers and manufacturers try to maintain their position by excluding | |

| Expression | Definition or explanation | Reference |
|-------------------------------|---|-----------|
| | newcomers from a particular market . This situation is not a good for buyers because it limits competition | |
| Open advertising | Publishing a contract opportunity on GETS and inviting all interested domestic and international suppliers to participate in the procurement. | Rule 14 |
| Open tender | An invitation to all interested suppliers to tender for a job that is openly advertised | |
| Operational expenses | Costs that relate to the routine functioning and activities of a business or organisation. | |
| Opportunity cost | The cost of any activity, measured in terms of the value of the next best alternative that was not selected. | |
| Opt-out procurements | Specific types of procurement activities where applying the Rules is optional. | Rule 13 |
| Other tender documents | Any documents that provide suppliers with additional information about a procurement. These can be attached as appendix to a notice of procurement or be standalone documents. | Rule 36 |
| Outputs (economic) | The goods and services the Crown purchases from government departments and entities eg policy advice, contract administration, grants, providing specific services. | |
| Outsourcing | Contracting out core and non-core business activities to outside suppliers. | |
| Panel contract | An arrangement with a group of suppliers to supply goods and services on an 'as needs' basis for the term of a contract . Each supplier has agreed in advance to the terms and conditions of supplying the goods or services, including the price. | |
| Panel of suppliers | A list of suppliers an agency has pre-approved to supply particular goods or services and who have agreed to the agency's terms and conditions for supply. | Rule 54 |
| Panel supplier | A supplier included in a panel of suppliers | Rule 54 |
| Party | The buyer or supplier taking part in a contract | |
| Parties | The buyer(s) and the supplier(s) taking part in a contract | |
| Personnel (contract) | All individuals engaged by either party to a contract or to deliver services in a contract. For example, the owner of the business, its director, employees, sub-contractors, agents, external consultants, specialists, technical support and elected or seconded personnel. | |
| Performance criteria | Measures used to judge whether a person has carried out a task or a contract has been fulfilled to a specified standard. | |

| Expression | Definition or explanation | Reference |
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| Post-tender negotiation (PTN) | A practice the public sector uses to negotiate better terms after receiving formal tenders and before awarding contracts | |
| Pre-conditions | A condition that a supplier must meet to be considered for a particular contract opportunity | Rule 25 |
| Pre-existing intellectual property rights | Intellectual property rights that were secured before the date of a contract . Later modifications, adaptations or additions are not covered. | |
| Pre-qualified supplier | A supplier included in a pre-qualified suppliers list | Rule 53 |
| Pre-qualified suppliers list | A list of suppliers that a government agency has pre-approved as capable of delivering specific goods or services. | Rule 53 |
| Predictive maintenance (PdM) | Techniques that help determine the condition of in-service equipment to predict when maintenance should be carried out. | |
| Premises | Any building or land occupied and used for commercial purposes. | |
| Present value | The value a sum of money has now, in contrast with the value it will have when it has been invested and has accrued compound interest. See net present value | |
| Preventative maintenance (PM) | The regular inspection, adjustment and lubrication of equipment designed to keep it in satisfactory working order. | |
| Price | The amount of payment or compensation given by one party to another in return for goods or services. | |
| Principles | Short for the Principles of Government Procurement | Rule 1 |
| Principles of Government Procurement | <p>The Principles of government procurement apply to all government agencies and provide our overarching values. The Principles apply even if the Rules do not. Agencies can use the Principles for guidance and to help make good procurement decisions.</p> <p>The five Principles are:</p> <ul style="list-style-type: none"> • plan and manage for great results • be fair to all suppliers • get the right supplier • get the best deal for everyone • play by the rules. | |
| Private finance initiative (PFI) | An agreement that promotes partnership between the private sector and the public sector and allows the government to use privately-owned goods and services. | |
| Private sector | The part of the economy that is not state controlled, and is | |

| Expression | Definition or explanation | Reference |
|--------------------------------------|---|---|
| | run by individuals and companies for profit | |
| Probity | Applying the principles of honesty and integrity to business processes. | |
| Probity plan | A plan that details how to make sure that selection and decision-making processes are honest and fair and can stand up to scrutiny from a risk management point of view. | |
| Procurement | All aspects of acquiring and delivering goods, services and works. It starts with identifying a need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset. | |
| Procurement card | A bank-issued charge card that gives employees the ability to order from suppliers without raising a purchase order, within the business' limits. The bank reports to businesses on spend by employee or supplier. Also purchase card | |
| Procurement forecasts | Initial estimates of the products and services that an agency will need for a particular period of time. | |
| Procurement Functional Leader | The Chief Executive of the Ministry of Business, Innovation and Employment has been appointed by the Commissioner for State Services as the Functional Leader for procurement activities across government. | Page i of the Rules Rules 55, 56, 57, 59 |
| Procurement guidance | See guidance | Page 5 |
| Procurement plan | A plan to analyse the need for specific goods, services or works and the outcome the agency wants to achieve. It identifies an approach to market strategy based on market research and analysis and summarises the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements , indicative timeline, evaluation criteria and weightings. | Rule 17 |
| Product differentiation | Characteristics of a product or service that are perceived to be unique and valuable and so are a source of competitive advantage. | |
| Product surgery | A meeting between an agency and potential suppliers where agency discusses their needs and suppliers present possible solutions in response. | |
| Profit | The financial gain resulting from selling goods or services at a price that exceeds the cost of bringing them to market. See also net profit | |
| Prototype | An early sample or model built to test a concept or process. | |

| Expression | Definition or explanation | Reference |
|---|---|-----------|
| Public entity | The legal meaning of public entity is defined in section 5, Public Audit Act 2001 Examples of public entities include schools, state-owned enterprises, government departments, local authorities, and any Crown Entities as defined in section 7, Crown Entities Act 2004 | |
| Public private partnerships (PPPs) | A long term contract for the delivery of a service that involves building a new asset or infrastructure eg a prison or enhancing an existing asset. The project is privately financed on a non-recourse basis and the Crown retains full legal ownership. | Rule 62 |
| Public sector | A collective term that includes the Public Service , State Services , State Sector and local government eg regional councils and territorial authorities listed at www.ssc.govt.nz | |
| Public service departments | The core New Zealand government departments listed in Schedule 1, State Sector Act 1988 . This is sometimes referred to as the first 'tier' of government. Refer to the State Services Commission list of departments at www.ssc.govt.nz | Rule 6 |
| Purchasing | Ordering, processing, receiving and paying for goods or services to complete a purchase from a supplier. | |
| Purchase card | A bank-issued charge card that gives employees the ability to order from suppliers without raising a purchase order, within the business' limits. The bank reports to businesses on spend by employee or spend by supplier. Also procurement card | |
| Pure competition | A market situation where a large number of suppliers have equal opportunity to offer comparable goods or services to a large number of buyers. | |
| Quality | The degree of excellence of something, as measured against other things of a similar kind. | |
| Quality assurance | The process of making sure that goods or services perform to agreed quality standards. | |
| Quality control | The process of making sure that goods and services are produced and maintained to agreed quality standards. | |
| Quotation | An offer to supply particular goods or services for a specific price Not the same as an estimate | |
| Reasonable cost | Costs that are consistent with what a reasonable person would pay for the delivery of same goods or services, in the same or similar circumstances. | |

| Expression | Definition or explanation | Reference |
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| Records | All information relating to a contract for delivering goods or services eg reports, letters, emails, meeting notes, photographs. | |
| Refurbishment works | In the Rules , the goods or services or works associated with refurbishing an existing construction including renovating, repairing or extending an existing construction. Refurbishment works do not include replacing a construction, which is considered to be new construction works | Rule 7 |
| Registered supplier | A supplier included in a registered suppliers list | Rule 52 |
| Registered suppliers list | A list of suppliers who have registered an interest in supplying specific goods or services to a government agency. | Rule 52 |
| Registration of interest (ROI) | A formal request from an agency asking potential suppliers to: <ul style="list-style-type: none">• register their interest in an opportunity to supply specific goods, services or works• provide information that supports their capability and capacity to deliver the goods, services or works. It's usually the first formal stage of a multi-step tender process. | Rule 31 |
| Request for information (RFI) | A market research tool. A formal request from an agency to the market asking for information to get an idea of the number and type of suppliers and the range of solutions, technologies and products or services they can provide. It is not a type of notice of procurement and it must not be used to select or shortlist suppliers. | |
| Request for proposal (RFP) | A formal request from an agency asking suppliers to propose how their goods or services or works can achieve a specific outcome, and their prices. An agency may be open to innovative ways of achieving the outcome. | |
| Request for quote (RFQ) | A formal request from an agency asking potential suppliers to quote prices for 'stock standard' or 'off-the-shelf' goods or services or works, where price is the most important factor. | Rule 31 |
| Request for tender (RFT) | A formal request from an agency asking for offers from potential suppliers to supply clearly defined goods or services or works. Often there are highly technical requirements and a prescriptive solution. | Rule 31 |
| Request for x (RFx) | A generic term for an RFQ , ROI , EOI , RFP or RFT | |

| Expression | Definition or explanation | Reference |
|---------------------------------|--|--------------|
| Response | A supplier's reply to a notice of procurement . Examples include: <ul style="list-style-type: none"> • registering interest in an opportunity • submitting a proposal • submitting a tender • applying to qualify to be included in a pre-qualified suppliers list | Rules 28, 33 |
| Re-tender cost | The cost to the supplier of tendering or re-tendering towards the end of a contract term. | |
| Reverse auction | An auction where suppliers bid the price down in competition with each other. Reverse auctions commonly take place over the internet. | |
| Risk | The probability of something going wrong and the effect that might have on the desired outcome. For example, the outcome is not achieved or the effect that an unexpected event has a negative effect on the outcome. | |
| Risk analysis | Identifying, assessing, prioritising the risks that apply to a particular scenario along with the costs and other effects of those risks if they were to occur and minimising, monitoring and controlling the probability and impact of those effects. | |
| Risk management | A disciplined and objective approach to identifying, analysing, assessing risk to make it easier to decide what actions to take to minimise and manage the risks and their impacts. | |
| Risk management plan | A plan that identifies the risks in a specific project, assesses these risks, the likely impact of the risks and the options for accepting, eliminating or managing the risks. | |
| Risk management strategy | A complex strategy that details the processes that will be implemented to identify, assess and manage risk . Options for managing risk include avoiding risk, controlling or minimising risk, transferring risk and accepting risk. | |
| Risk register | A register that records of all the risks for a specific project. It includes the potential risks, the probability of those risks occurring, the potential impact if they did occur, and any action taken to reduce the likelihood and impact of the risk. Risk registers are monitored and updated throughout the life of the project. | |
| Risk statement | A statement that identifies the potential risks of a procurement. It may include processes for identifying and managing the risk(s). | |
| Rules | A short name for the Government Rules of Sourcing | |
| Sale of Goods | Passing ownership or title for goods from a seller to a buyer in exchange for money, as defined in the Sale of Goods Act | |

| Expression | Definition or explanation | Reference |
|--------------------------------------|---|-----------|
| | 1908 | |
| Schedule | An attachment to a particular contract that forms a material part of the contract. | |
| Selective tender | Selected organisations are invited to submit offers or proposals for goods and services, usually as the second phase of a two stage tender process. | |
| Seller's market | A market situation where sellers can dictate the price, terms of delivery, quality and so on. | |
| Service level agreement (SLA) | <p>A formal agreement that sets out the minimum level of service a service provider agrees to provide while delivering the service.</p> <p>An SLA should define any action the service provider will take if the service does not meet the agreed levels.</p> | |
| Services | <p>Acts or work performed for another party eg accounting, legal services, cleaning, consultancy, training, medical treatment, or transportation.</p> <p>Sometimes services are difficult to identify because they are closely associated with a good eg where medicine is administered as a result of a diagnosis. No transfer of possession or ownership takes place when services are sold, and they:</p> <ul style="list-style-type: none"> • cannot be stored or transported • are instantly perishable • only exist at the time they are provided. | Rule 7 |
| Simple procurement | A procurement that an agency assesses to be low- value and low-risk. | |
| SMART | An acronym for specific, measurable, achievable, realistic, time-bound. A project management tool used to set project objectives and evaluate if those objectives fit the project. | |
| Sourcing | The parts of the procurement lifecycle that relate to planning, market research, approaching the market , evaluating responses , negotiating and contracting. | |
| Specifications | <p>A tendering requirement that either:</p> <ul style="list-style-type: none"> • sets out the characteristics of goods, services or works to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision • addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to goods, services or works. <p>See technical specifications</p> | Rule 24 |

| Expression | Definition or explanation | Reference |
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| Staff | In government terms, all members, trustees, office holders, managers, and employees of a public entity | |
| Standing offer | Another expression for a framework agreement | Rule 54 |
| Strategic sourcing | Proactively planning sourcing activities to make sure that the sourcing process is as efficient as possible. For example, analysing supply markets, and selecting suppliers who can deliver solutions that meet pre-determined and agreed business needs. | |
| Start date | The date when a contract begins and the supplier must start providing the contracted goods or services. | |
| State Sector | This is sometimes referred to as the third 'tier' of government. It includes Public Service departments , agencies in the wider State Services and Offices of Parliament, Crown Entities , Tertiary Education Institutes and State Owned Enterprises. See State Services Commission list at www.ssc.govt.nz | Rule 6 |
| State Services | This is sometimes referred to as the second 'tier' of government. It includes Public Service departments and Crown Agents, Crown Entities and School Boards of Trustees. See State Services Commission list at www.ssc.govt.nz | Rule 6 |
| State Services agency | Any one of the following agencies: <ul style="list-style-type: none"> • a New Zealand Public service or non-public service department • a Crown Entity as defined in the Crown Entities Act 2004 • an organisation listed in Schedule 4 of the Public Finance Act 1989 • the Reserve Bank of New Zealand. | |
| Strategic procurement outlook | A high level summary of an agency's purpose and goals and how these relate to its regular procurement activities. | Rule 16 |
| Subcontractor | An individual, business, or company a supplier contracts to deliver or carry out any part of the supplier's contract obligations. | |
| Sufficient time | The necessary time a government agency must give suppliers to respond to a notice of procurement to support: <ul style="list-style-type: none"> • quality responses • the integrity of the process • the agency's reputation as a credible buyer. | Rule 26 |
| Sunk costs | Sunk costs are costs incurred in the past that cannot be | |

| Expression | Definition or explanation | Reference |
|---|--|-----------|
| | recovered if a project is cancelled eg research and development costs. | |
| Supply | The amount of a product or service offered for sale. | |
| Supplier | The person, business, company or organisation that supplies or can supply goods or services or works to a buyer. | |
| Supplier appraisal | An assessment of a supplier's suitability and capability to supply specific goods or services, before awarding a contract | |
| Supplier debrief | Information an agency provides to a supplier who has been unsuccessful in a particular contract opportunity that explains: <ul style="list-style-type: none"> • the strengths and weaknesses of the supplier's proposal against the tender evaluation criteria and any pre-conditions • the reasons the successful proposal won the contract • anything else the supplier has questioned. | Rule 46 |
| Supplier rationalisation | A strategy to determine the optimal number of suppliers to reduce procurement costs and leverage value from the supply base. | |
| Supplier relationship management (SRM) | Managing the interactions between an entity who supplies goods or services and the buying entity to create closer, more collaborative relationships that add value and reduce risk | |
| Supply | As a noun: a generic term for the total amount of a specific good or service that is available for purchase. It can also refer to specific goods or services in a contract for purchase, hire or procurement. As a verb: all activities related to managing supplies, services and materials. For example, stock control, storage, handling and distribution. | |
| Supply chain | The people, activities, information, and resources involved in transforming raw materials into a finished product for supply to an end customer | |
| Supply chain management | Managing the people, activities, information and resources involved in moving goods or services from a supplier to a customer. For example, sourcing raw materials, selling the product, delivering the goods, and disposing of the goods. | |
| Supply chain networks | A network of organisations that are linked together to manage the flow of materials and information needed to transform natural resources into finished products to serve an end-customer. | |

| Expression | Definition or explanation | Reference |
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| Sustainability | In the context of operating a business, taking into account the social, environmental and economic impacts of business activities to make sure today's needs can be met without compromising the needs of future generations. Examples of sustainable business practices include building efficiently, minimising waste, and maximising resources. | OAG |
| Syndicated contracts (SCs) | A type of collaborative contract that has been approved by the Procurement Functional Leader SCs typically involve a cluster of agencies aggregating their needs and collectively going to market for common goods, services or works. It may involve an agency or agencies anticipating future collaboration and including a common use provision clause in the resulting contract, so that other agencies can contract with the supplier on the same terms later. | Rule 56 |
| Syndicated procurement | A group of agencies who combine their needs and go to market for common services together to: <ul style="list-style-type: none"> • increase their purchasing power • reduce procurement costs • achieve better value for money | |
| Technical specifications | A tendering requirement that sets out the engineering requirements of a system to be procured eg the functional, mechanical, operational, and quality and performance requirements. See specifications | |
| Technical support | A service that provides users with help and advice about their products, which is usually provided by a hardware or software company. | |
| Tender | An offer to provide goods or services for a specified price, in response to a request for tender | CIPS |
| Tender Watch Code/s | The Australian and New Zealand Standard Commodity Classification (ANZSCC) codes GETS uses to classify goods, services and works. You can find these codes at www.gets.govt.nz | Rule 33 |
| Terms and Conditions (Ts & Cs) | The terms and conditions that detail the rules that apply to fulfilling a particular contract and that form an integral part of that contract. Buyers and sellers must agree the terms and conditions to form a contract. | CIPS |
| The Crown | Short for 'Her Majesty in Right of New Zealand'. The Crown is the source of executive, judicial and legislative power in New Zealand. | |
| Third party agent | A party who is contracted to manage a procurement process on behalf of an agency. The agency remains responsible and accountable for ensuring that the | Rule 20 |

| Expression | Definition or explanation | Reference |
|--|--|-----------|
| | procurement complies with the Government Rules of Sourcing | |
| Time value of money (TVM) | The value of a sum of money, taking into account the amount of interest that could be earned over a period of time. | |
| Total Cost of Maintenance (TCM) | The total cost of ownership of a service. | |
| Total cost of ownership (TCO) | An estimate of the total cost of the goods, services or works over the whole of their life. It's the combination of the purchase price and all other expenses and benefits that they agency will incur eg installation and training, operating and maintenance costs, repairs, decommissioning and cost disposal and residual value on disposal. It is a tool often used to assess the costs, benefits and risks associated with the investment at the business case stage of a procurement. | |
| Treaty | A formal agreement between two or more countries, usually relating to peace or trade. | |
| Two stage tendering | A competitive tender process is about identifying a preferred contracting organisation and working with the preferred contractor to negotiate a final price for the procurement. See also multi-step process | |
| Unenforceable contract | A contract that is valid, but which the court will not enforce because of some defect such as nondisclosure, an extraordinary event or other legislation. | |
| Upgrade | A new version of or addition to a hardware or software product that is already installed or in use. | |
| Value | The total amount of money spent on a contract while it's in force. It's also used as short hand for value for money | CIPS |
| Value added | The increase in the value of a product or service from a change in its form, location or availability, less the initial costs of the change. | CIPS |
| Value analysis | A systematic review of the design and other factors affecting the cost of an existing product or service to analyse whether it met the required quality and reliability standards at the lowest cost. See also value engineering | CIPS |
| Value engineering | A systematic method to increase the value of goods or services by either improving the function or reducing the cost. | |

| Expression | Definition or explanation | Reference |
|------------------------------|--|----------------------------------|
| Value for money (VFM) | A measure of quality that assesses the monetary cost of the product or service against the quality and/or benefits of that product or service, taking into account subjective factors such as fitness for purpose, along with whole-of-life costs such as installation, training, maintenance and disposal, and wastage. | Page 3 Rules 4, 13, 43 OAG |
| Value threshold | The minimum NZ\$ value at which the Rules apply to a particular procurement type. Value thresholds exclude GST | Rule 7, 8, 9 |
| Variation | A written agreement signed by both parties that changes any part of a contract between them. | |
| Vendor rating | Measuring a supplier's performance against contract deliverables. | |
| Warranty | A legally binding written guarantee, issued to the purchaser of an article by its manufacturer, promising to repair or replace it if necessary within a specified time and at no cost to the buyer. | |
| Welfare services | A generic term for public welfare services provided by government which includes: <ul style="list-style-type: none"> • social services, including residential and non-residential welfare services to the old, handicapped, children and other social assistance clients • administering benefits. | Rule 13 |
| Without prejudice | A term used in the negotiation process to indicate that a particular conversation or letter cannot be used as evidence in court. | |