



Australian Government

Department of Education, Employment and Workplace Relations

PSPPROC604B Plan for strategic procurement

Revision Number: 2

PSPPROC604B Plan for strategic procurement

Modification History

PSPPROC604B Release 2: Layout adjusted. No changes to content.
PSPPROC604B Release 1: Primary release.

Unit Descriptor

Unit descriptor	This unit covers the ability to plan for highly complex, innovative, sophisticated and often long-term strategic procurement within established guidelines, policies and procedures. This may involve high-level capability development for government. Strategic procurement is high risk, often involving political elements. The unit includes conducting a procurement business analysis, defining procurement requirements, and justifying procurement expenditure. In practice, planning for strategic procurement may occur in the context of other generalist and specialist work activities, such as maintaining and enhancing confidence in public service or local government, establishing and maintaining strategic networks, managing compliance with legislation in the public service or local government, managing risk, developing a business case, coordinating strategic procurement, negotiating strategic procurement and managing strategic contracts. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
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Application of the Unit

This unit applies to those in specialist procurement and contracting.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Conduct procurement business analysis	1.1. Organisation's corporate procurement plan, procurement-related expenditure, associated levels of risk and supply markets are analysed. 1.2. Procurement profile is prepared that identifies past and projected procurement expenditure and associated levels of risk. 1.3. Supply positioning is undertaken, categorising goods and services by their relative expenditure and difficulty of securing supply, to assist in the development of procurement objectives. 1.4. Supplier preferencing is used to identify how suppliers view the organisation as a client. 1.5. Other factors likely to affect strategic procurement are identified and documented according to organisational requirements. 1.6. Due diligence is undertaken to investigate existing relationships with suppliers, notably coordinated procurement contracts (CPCs) or coordinated procurement opportunities.
2. Define procurement requirements	2.1. Procurement requirements are determined through consultation and negotiation with stakeholders and experts and defined to reflect organisational needs. 2.2. Accountability measures are identified and incorporated into procurement plans according to organisational policy and guidelines. 2.3. Appropriations to fund strategic procurement are obtained in accordance with legislative and organisational policy and procedures. 2.4. Approvals to address procurement requirements are obtained according to organisational policy and procedures.
3. Justify procurement expenditure	3.1. Business case is developed with stakeholders to determine viability of proposed procurement expenditure. 3.2. Reasons for procurement requirement, timeframes and expected whole-of-life costs and benefits are established in the business case. 3.3. Output specification is developed with stakeholders to assist in achieving procurement outcomes.

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to:
 - consult and negotiate with stakeholders
 - network, within probity boundaries, with stakeholders
 - build and manage effective working relationships
 - write business cases, plans, reports, submissions and other complex documents
 - read complex documents, such as contracts, legislation and guidelines
 - provide feedback
- teamwork skills to:
 - manage strategic relationships
 - model effective management and leadership approaches
 - respond to diversity
 - refer issues to the correct person
- problem-solving skills to:
 - apply decision-making processes or methodologies
 - apply understanding of supplier issues and supply chain management in the context of strategic procurement
- initiative and enterprise skills to:
 - identify and assess strategic procurement options and alternatives
 - apply OHS, environmental, sustainability and corporate social responsibility practices in the context of strategic procurement
- planning and organising skills to:
 - undertake research and business analysis
 - manage financial and other resources
- learning skills to keep up-to-date with:
 - best practice examples in strategic procurement
 - relevant procurement legislation, policies and procedures
- technology skills to:
 - operate organisational IT systems
 - use electronic procurement templates

Required knowledge

- commonwealth, state or territory, and local government legislation, policies, practices and guidelines:
 - relating to strategic procurement
 - such as OHS and equity and diversity
- organisational procurement policies, practices and approval processes

- aspects of law of contract, trade practices law, and commercial law relating to strategic procurement
- probity principles and issues
- codes of conduct, codes of practice and standards of individual behaviour relating to procurement decisions
- government procurement environment
- legal requirements of government procurement
- implications of particular procurement arrangements
- whole-of-life considerations
- cultural issues relating to strategic procurement and industry development in certain industry sectors
- relationship management at all personnel levels
- environmental, sustainability and corporate social responsibility principles relevant to strategic procurement

Evidence Guide

The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

Competency must be demonstrated in the ability to plan for strategic procurement consistently in accordance with legislative and organisational requirements.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Assessment must confirm the ability to:

- prepare procurement profiles and supplier profiles
- conduct procurement analysis of own organisation's buying requirements
- consult with procurement stakeholders to inform the development of procurement requirements
- use results of procurement analysis to develop procurement requirements
- define strategic procurement requirements
- prepare complex business cases or other documents to justify procurement decisions and expenditure.

Consistency in performance

Competency should be demonstrated by providing evidence of undertaking a range of relevant work tasks in an actual or simulated procurement environment on at least two separate occasions.

Context of and specific resources for assessment

The unit of competency is to be assessed in the workplace or a simulated workplace environment.

Access may be required to:

- legislation, policy, procedures and protocols relating to planning for strategic procurement
- codes of conduct and codes of practice
- long-term government policy papers, such as White Papers
- strategic procurement plans and direction statements
- workplace scenarios and case studies relating to a range of strategic procurement and disposal activities.

Method of assessment

The following assessment methods are suggested:

- questions to assess understanding of relevant legislation and procedures
- review of strategies and approaches adopted for planning for strategic procurement
- review of strategic procurement plans, business cases,

procurement justifications, budgets, supplier analysis, market analysis, risk assessment, tender documentation, formal sign-offs and approvals, and other documentation prepared or reviewed by the candidate in a range of contexts

- review of stakeholder engagement approaches adopted by the candidate.

In all cases, practical assessment should be supported by questions to assess underpinning knowledge and those aspects of competency which are difficult to assess directly. Candidates for this qualification must demonstrate a high level of understanding and practical workplace application of underpinning knowledge. Questioning techniques should suit the language and literacy levels of the candidate.

**Guidance information
for assessment**

Evidence must be gathered over time in a range of contexts to ensure the person can achieve the unit outcome and apply the competency in different situations or environments.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- PSPETHC601B Maintain and enhance confidence in public service
- PSPLEGN601B Manage compliance with legislation in the public sector
- PSPMNGT607B Develop a business case
- PSPMNGT608B Manage risk
- PSPMNGT609B Formulate business strategies
- PSPPM601B Direct complex project activities
- PSPPROC605B Coordinate strategic procurement
- PSPPROC606B Negotiate strategic procurement
- PSPPROC607A Manage strategic contracts.

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Procurement may include:

- public private partnerships (PPP)
- leasing or buying
- short-term or long-term arrangements
- sole or multiple suppliers
- maintenance and support arrangements
- incentive contracting
- firm or variable pricing regimes
- franchising
- research and development
- pre-qualification of suppliers
- standing orders
- standard form agreements
- common use contracts
- facilities management
- prime contractor and subcontractor
- gain sharing/open book
- alliancing
- coordinated procurement
- whole of government procurement
- cooperative procurement

Procurement expenditure may include:

- products purchased
- quantities
- suppliers
- locations
- types, values and volumes of transactions

Risk may include:

- goods and services critical to the organisation
- product-related risk
- organisation-related risk
- supplier-related risk
- market-related risk
- national security risk
- political risk
- corruption risk
- probity risk

Supply positioning

results in four categories:

- easy to secure supply and low relative expenditure
- easy to secure supply and high relative expenditure
- difficult to secure supply and low relative expenditure
- difficult to secure supply and high relative expenditure

Supplier preferencing

may categorise clients as:

- nuisance account
- development potential
- exploitable
- core business

Suppliers may include:

- commercial companies
- international companies
- other public sector organisations
- other governments, including commonwealth, state or territory, local and international
- non-profit organisations
- in-house

Other factors likely to affect strategic procurement may include:

- value of business involved
- complexity of marketplace
- capacity of market
- strategic and tactical issues
- political influence
- political imperatives and strategies
- budgetary constraints
- collaborative arrangements
- Australian industry involvement requirements
- environmental issues
- extent of competition
- protection of both parties
- value for money considerations
- degree of dependency of organisation programs on the procurement
- where and why the need arises and for which unit or location
- level of risk, complexity and sensitivity of the procurement
- whether the need is for the replacement or enhancement of existing resources, or to meet an entirely new capability
- joint ventures with the private sector to fund portions of the project in exchange for financial returns or intellectual property rights
- alternatives, such as change in policy/process, equipment or equipment life extensions
- use of in-house resources

- Stakeholders*** may include:
- leasing instead of up-front capital investment
 - consideration of supply chain issues
 - environmental, sustainability and corporate social responsibility principles
 - end users, customers or clients, and sponsors
 - current or potential providers or suppliers
 - technical or functional experts or advisers
 - commonwealth, state or territory, and local government
 - international governments
 - the organisation
 - other public sector organisations
 - employees, unions and staff associations
 - industry bodies
 - local communities
 - lobby groups and special user groups
- Organisational needs*** may include:
- political directives
 - commonwealth, and state or territory, and local government needs
 - responses to government White Papers, for example on long-term capability of the public sector to deliver government policy objectives
- Appropriations*** may require:
- delegates
 - ministerial authorisation
 - compliance with instructions or finance circulars
 - confirmation by chief financial officer
 - special consideration if they concern:
 - long-term travel deals
 - long-term computer deals
 - long-term lease deals
 - issuing indemnities

Unit Sector(s)

Not applicable.

Competency field

Procurement and Contract Management.