



VALUE FOR MONEY

A public authority must ensure that its procurement of goods and services achieves the best value for money outcome.

At the corporate level, achieving best value for money outcomes requires a public authority to ensure that its procurement activities are aligned with Government policies, objectives and strategies and that it actively supports whole of government initiatives.

Achieving best value for money at the individual purchase level requires that in its assessments, a public authority considers cost and non-cost factors, where relevant, and makes a value judgement about the best outcome. The value for money test may vary in complexity depending on the nature of the purchase, ranging from a simple price assessment for low value highly commoditised goods or services, through to a detailed assessment and comparison of cost and non-cost factors.

Non-cost factors may include the following:

- Fitness for purpose.
- Technical and financial issues.
- Supplier capability.
- Sustainability.
- Risk exposures.
- Availability of maintenance, service and support.
- Compliance with specifications.
- Ease of inspection, communication and delivery.

The assessment of cost needs to consider any ongoing costs that may accrue beyond the initial price, including the associated costs of holding, using, maintaining and disposing of the goods or services.

CHAIRMAN
STATE SUPPLY COMMISSION
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