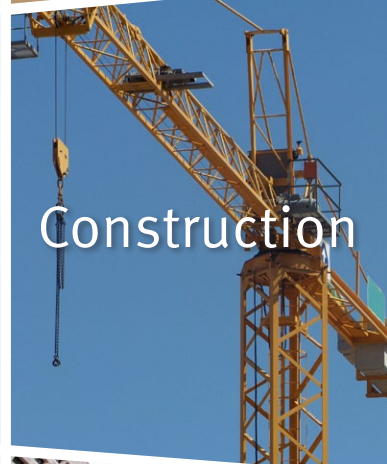


Queensland

Procurement Policy

June 2013



Great state. Great opportunity.



Queensland Procurement Policy

Purpose of the policy

The Queensland Procurement Policy is the government's overarching policy for the procurement of goods and services, including construction. Its purpose is to deliver excellence in procurement outcomes for Queenslanders.

To achieve this purpose, the Queensland Government is committed to the six principles of government procurement:

The six principles of government procurement

Principle 1: We drive value for money in our procurement

- 1.1 We select the option that best provides value for money outcomes.
- 1.2 We deploy the most appropriate strategies to facilitate the delivery of best procurement outcomes.

Principle 2: We act as 'one government', working together across agency boundaries to achieve savings and benefits

- 2.1 We take a collaborative approach to planning and managing categories of expenditure.
- 2.2 We maximise savings and benefits, and reduce duplication.

Principle 3: We are leaders in procurement practice – we understand our needs, the market, our suppliers and have the capability to deliver better outcomes

- 3.1 We encourage a culture of building the capability and performance of our people.
- 3.2 We actively manage the performance of our procurement expenditure.
- 3.3 We are outcome focused and look for opportunities to innovate.
- 3.4 We engage with our customers to understand business needs, and we seek to exceed expectations.
- 3.5 We ensure efficient and effective use of valuable resources.
- 3.6 We have an authentic involvement with our supply market and key stakeholders and we are determined to ensure that government is an attractive customer with which to do business.

Principle 4: We use our procurement to advance the government's economic, environmental and social objectives and support the long-term wellbeing of our community

- 4.1 We do business with ethical and socially responsible suppliers.
- 4.2 We consider government's objectives from a whole-of-government and category perspective, prioritising these for application in our procurement decision making.

Principle 5: We have the confidence of stakeholders and the community in the government's management of procurement

- 5.1 We put effective governance structures in place, which facilitate consultation and the realisation of savings and benefits opportunities from our procurement expenditure.
- 5.2 We take a planned approach to our procurement, ensuring alignment across all levels of planning from whole-of-government to individual procurements.
- 5.3 We manage risk through effective oversight, accountability and appropriate internal controls.

Principle 6: We undertake our procurement with integrity, ensuring accountability for outcomes

- 6.1 We respect the trust placed in us on behalf of the community.
- 6.2 We are accountable for delivering timely outcomes using public resources.
- 6.3 We ensure our decisions are transparent and defensible.
- 6.4 We meet expected standards of probity and accountability.

Responsibilities

All agency employees are required to be aware of, and comply with this policy.

The Director-General Council is responsible for facilitating a whole-of-government approach to procurement in accordance with this policy.

Accountable officers are responsible for ensuring this policy is followed within their agencies.

Managers and supervisors are responsible for ensuring that employees are aware of, and comply with, this policy.

The Procurement Centre of Excellence is responsible for ensuring this policy, its related guidelines and guidance are appropriate, reflect better practice and facilitate a high standard of procurement performance.

Accountable officers remain accountable for procurements delivered on their behalf by a provider external to their agency including, for example, those delivered by Shared Services Providers or under Corporate Partnership Agreements.

Policy document toolkit

The Queensland Procurement Policy, related guidelines, guidance, templates and other resources can be found at www.hpw.qld.gov.au.

Administration

Commencement

This policy takes effect from 1 July 2013 and replaces the Queensland Government State Procurement Policy released in 2010.

Authority

This policy is approved by Cabinet for application to agencies as defined in Schedule 2. Departments and statutory bodies must also comply by virtue of the *Financial Management and Performance Standard 2009*.



Schedule 1 – policy interpretation

The Queensland Procurement Policy underpins the government’s procurement transformation program. In order to support a collaborative ‘one-Government’ approach an understanding of whole-of-government procurement expenditure, priorities, and plans is necessary to inform decisions made at the agency level.

With respect to the six principles of procurement, *Principle 1: We drive value for money in our procurement*, is the overriding policy principle. In the event of a conflict between Principle 1 and Principles 2-6, value for money is to be the determining factor.

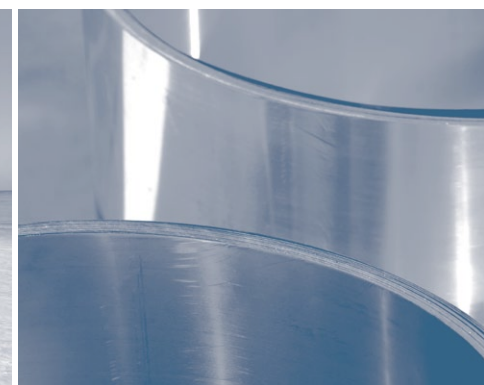
Principle 1: We drive value for money in our procurement

How this principle is achieved

Relevant to...

- 1** Agencies should consider the following factors when assessing value for money:
 - Overall objective of the procurement, and outcome being sought.
 - Cost-related factors including up-front price, whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.
 - Non-cost factors such as fitness for purpose, quality, delivery, service, support and sustainability impacts.
- 2** Agencies will identify the procurement strategy and method (open, limited or selective) most appropriate to facilitating the delivery of the best procurement outcome based on an assessment of complexity, scope, opportunities and risks associated with procurement objectives, as well as the level of competition in the supply market.
- 3** Agencies will use the Procurement Centre of Excellence’s eTender website to publish:
 - all open tender opportunities
 - notices of potential future procurements, where the agency has determined this will be of benefit to either the agency or supply market.
- 4** Agencies will ensure the Queensland Contracts Directory is maintained and up to date.

All agencies



Principle 2: We act as ‘one government’, working together across agency boundaries to achieve savings and benefits

How this principle is achieved

Relevant to..

- 5** The Director-General Council:
- will promote a whole-of-government view of procurement including a focus on understanding the government’s procurement profile and the management of procurement expenditure at the whole-of-government level, including cross-agency collaboration on categories of significant expenditure to achieve savings and benefits.
 - may, in consultation with agencies, nominate agencies to manage categories of procurement expenditure common to multiple agencies, or the whole-of-government.

All agencies

- 6** Accountable officers of budget sector agencies are responsible for realising savings and benefits for the government through using common-use supply arrangements. Departures from such arrangements, including strategies to deliver any foregone savings and benefits as a result of the agency’s decision, are to form part of the agency’s procurement plan, and will be disclosed to the Director-General Council.

Budget sector agencies

- 7** Agencies should identify whether agency categories of expenditure or significant procurements contain opportunities for the generation of savings and benefits. This should include an assessment of whether greater savings and benefits can be realised by working together.

All agencies

- 8** Whole-of-government standard terms and conditions for procurement, or categories of procurement, may be developed in consultation with the Director-General Council and issued for the use of budget sector agencies. Variations or non-use of the terms and conditions by budget sector agencies are to be based on a defensible assessment of the requirements of the procurement.

Budget sector agencies

- 9** Accountable officers of budget sector agencies will ensure their agencies consult with the Procurement Centre of Excellence when proposing the development of whole-of-government procurement-related policies which seek to leverage procurement expenditure or influence procurement practices and outcomes.



Principle 3: We are leaders in procurement practice – we understand our needs, the market, our suppliers and have the capability to deliver better outcomes

How this principle is achieved

Relevant to...

- 10** Procurement will proactively engage with business areas from pre-procurement phase to contract management phase to:
 - identify and assess potential viable solutions to achieve the outcomes sought
 - provide support for, and understand the business needs of, front-line service delivery
 - clearly define procurement objectives to ensure business needs are met
 - reduce demand and waste, and manage consumption of valuable resources.

- 11** Agencies will adopt a cost-effective market engagement strategy, taking into account whole-of-government objectives and the activities of other government buyers in the market, to maximise procurement outcomes for the benefit of buyers and suppliers.

- 12** Agencies should, when developing procurement strategies, consider whether there are opportunities to develop innovative supply solutions, either through innovation in the procurement activity itself, or by fostering innovative solutions by suppliers.

- 13** Agencies will ensure processes are in place to manage contracts, including performance and renewal. For significant procurements, a contract management plan will be developed.

- 14** Accountable officers will be responsible for ensuring capability is developed and maintained to standards commensurate with guidance issued by the Director-General Council, and will report on capability standards within their Agency Procurement Plans.

All agencies



Principle 4: We use our procurement to advance the government's economic, environmental and social objectives and support the long-term wellbeing of our community

How this principle is achieved

Relevant to...

- 15 Agencies will use their best endeavours to do business with ethical and socially responsible suppliers, and will seek to influence the supply chain in this regard. This may include considering the sustainability credentials of suppliers, to ensure they are ethically and socially responsible.
- 16 The Director-General Council may provide guidance to agencies about opportunities within procurement categories across government for the generation of economic, social or environmental benefits for Queensland. This includes providing guidance on the application of competing government objectives which impact on procurement. This guidance may be issued in the State Procurement Plan or State Category Plans.
- 17 Agencies will consider strategies in their significant procurement planning activities, to ensure that competitive local suppliers are afforded a full, fair and reasonable opportunity to supply government.
- 18 Procurement decision making for low value and low business risk procurement should be delegated to a level closest to the geographical location where the good or service is to be supplied (except where limited by whole-of-Government requirements and/or common-use supply arrangements established under this Policy).

All agencies



Principle 5: We have the confidence of stakeholders and the community in the government's management of procurement

How this principle is achieved

Relevant to...

19 A Director-General Council will be established as a strategic committee responsible for matters such as:

- providing strategic direction and oversight for Queensland Government procurement on matters including government procurement policy and issues of strategic importance to procurement
- facilitating consultation across agencies
- engaging with industry on strategic procurement matters
- facilitating the identification and realisation of savings and benefits opportunities from procurement expenditure
- providing guidance to agencies in relation to economic, social or environmental benefits and opportunities, as per Principle 4
- overseeing a consistent, 'one government' approach to procurement methodology and procedures.

20 Queensland Government procurement planning will be integrated at all levels, consisting of the State Procurement Plan, State Category Plans, Agency Procurement Plans and Significant Procurement Plans to drive accountability and delivery of best procurement outcomes.

21 The State Procurement Plan, together with State Category Plans, facilitates a whole-of-Government approach to procurement. These plans will:

- be prepared collaboratively by the Procurement Centre of Excellence, agencies and the Director-General Council
- represent the government's vision for the procurement function and establish whole-of-government procurement priorities
- guide agencies in establishing agency procurement objectives, measures and targets.

22 Accountable officers will ensure that agency procurement planning, at both the agency level and for individual significant procurements, takes the State Procurement Plan and relevant State Category Plans into account.

All agencies



Principle 5: We have the confidence of stakeholders and the community in the government's management of procurement *(continued)*

How this principle is achieved

Relevant to...

- 23** Agency procurement plans should, as a minimum:
- align with the State Procurement Plan and State Category Plans
 - set out the management and organisation of the procurement function, including an assessment of overall agency procurement capability and strategies for improvement
 - express the objectives of the procurement function in support of broader agency objectives
 - provide an analysis of savings and benefits opportunities (economic, social and environmental) and strategies to achieve these
 - contain measures, targets, performance against targets and the agency's approach to risk management for procurement.

- 24** Significant procurement plans may be prepared at either a category level or an individual procurement level, and should contain as a minimum:
- an analysis of demand and the supply market
 - procurement strategy options
 - performance measures and contract management arrangements
 - an identification and assessment of risks related to the procurement and risk management strategies. In conducting a risk assessment, agencies should consider value, complexity and sensitivity of procurements.

- 25** The Procurement Centre of Excellence may issue policy guidelines and procurement guidance, which outlines best practice for consideration by agencies when undertaking their procurement.

All agencies



Principle 6: We undertake our procurement with integrity, ensuring accountability for outcomes

How this principle is achieved

Relevant to...

26

Agencies will:

- Observe applicable legislation, policies and agreements, including International Trade Agreements, that impact upon procurement. A list of the main instruments impacting on procurement can be found at www.hpw.qld.gov.au.
- Ensure that appropriate governance mechanisms are in place to maintain the integrity of the procurement decision making process.
- Ensure all stages of the procurement decision making process from planning to award and contract management, are defensible and documented. Decisions should be able to withstand public scrutiny and preserve confidence in the procurement process.
- Ensure a complaints management system for procurement is in place.

All agencies

27

Affected agencies will publish basic details for awarded contracts over \$10,000, and additional contract details for contracts awarded of \$10 million and over, in accordance with the *Contract Disclosure Guidelines* issued by the Director-General, Department of Housing and Public Works. Procurement method is only required to be disclosed for contracts of \$500,000 and over.

Affected agencies only



Schedule 2 - definitions

Agency Procurement Procedures are agency-specific procedures, which set out how procurement activities are to be conducted in compliance with the policy.

Accountable officer has the meaning conferred by the *Financial Accountability Act 2009*. For the purposes of this policy, this term also includes statutory bodies and special purpose vehicles.

Affected agency means, for the purposes of point 27 of Schedule 1 of this policy, agencies including budget sector agencies, large statutory bodies, and special purpose vehicles.

Agency means, for the purposes of this policy:

- a department or a statutory body as those expressions are defined in the *Financial Accountability Act 2009*
- special purpose vehicles as established from 1 July 2010 and existing special purpose vehicles which are required to comply with the *Queensland Procurement Policy* by their respective constitutions.

Budget sector agency are entities declared to be departments pursuant to Section 14 of the *Public Service Act 2008* and the Electoral Commission Queensland, Office of the Governor, Public Service Commission, Queensland Audit Office, Queensland Ombudsman and Queensland Parliamentary Service.

Construction for the purposes of this policy, includes infrastructure.

Contract date means the date when a contract, or standing offer arrangement, is accepted by, executed by, or effectively binds all parties thereto.

Employees for the purposes of this policy, are defined as any employee of an affected agency whether permanent, temporary, full-time, part-time or casual, and any volunteer, student, contractor, consultant or anyone who works in any other capacity for an agency.

Goods and services include all property (except for real property) and all types of services including building and construction services.

Government's objectives or **objectives of government** may be stated in legislation, whole-of-government procurement policy and procurement related policy, whole-of-Government procurement plans, directions or formal agreements between government and agencies.

Large statutory body means a statutory body where the following criteria apply:

- net operating result in excess of \$4 million, or
- net assets in excess of \$50 million.

Lead agency is an agency responsible for managing common categories of expenditure across two or more agencies.

Limited offer process is a procurement method where the agency invites a supplier/s of its choice to offer.

Local supplier means an Australian or New Zealand supplier of services or goods produced wholly or partly in Australia or New Zealand.

Open offer process is a procurement method where all interested suppliers may submit an offer.

Procurement is the entire process by which all classes of resources (human, material, facilities and services) are obtained. This can include the functions of planning, design, standards determination, specification writing, selection of suppliers, financing, contract administration, disposals and other related functions. For clarity, 'procurement' under this policy does not include 'grants' as defined in the Financial Accountability Handbook administered by Queensland Treasury and Trade.

Procurement Centre of Excellence is a unit within the Department of Housing and Public Works that brings together procurement experience across government, to frame leading practice. The Procurement Centre of Excellence drives transformation of procurement practice for the benefit of Queenslanders, and facilitates a culture of collaboration, innovation, efficiency and effectiveness across government by providing the framework within which to deliver best outcomes without foregoing accountability.

Procurement-related policy is a government policy or instrument excluding the Queensland Procurement Policy related guidelines and guidance, that influences or impacts procurement activities, practices and decisions. A list of current procurement-related policies is at www.hpw.qld.gov.au.

Purchasing is the acquisition process for goods, services and capital projects through purchasing, leasing and licensing and this expression extends to standing offer or similar arrangements by which terms and conditions of purchase are determined.

Selective offer process is a procurement method where suppliers that have met pre-established criteria are invited to offer.

Significant procurement includes goods, services and capital projects identified by the agency as being high expenditure and/or for which there is a high degree of business risk.

Small and medium enterprise means an Australian or New Zealand firm employing less than 200 people.

Special Purpose Vehicle means, for the purposes of this policy, a company incorporated under the *Corporations Act 2001* (Cth) that is under the control of a Queensland Government department, and which is established for a specific purpose such as delivery of infrastructure projects. For the purpose of this definition a 'company' does not include a government-owned corporation.

Standing offer arrangement means an arrangement established between the principal and the successful offeror (including without limitation a standing offer arrangement, a register of pre-qualified suppliers, panel arrangement or preferred supplier arrangement).

Supplier means an enterprise known to be capable of supplying required goods and/or services. It includes manufacturers, stockists, resellers, merchants, distributors, consultants and contractors.

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