



Corporate Procurement Plan 2022-2023

EXECUTIVE SUMMARY

This Corporate Procurement Plan (CPP) is the strategic framework for Energy Queensland Limited's (EQL) Procurement and Supply function. Its purpose is to provide a high level plan for the 2022/23 financial year.

The CPP will demonstrate EQL's commitment to advancing its business objectives whilst achieving value for money.

EQL will contribute to the advancement of corporate, social, community, local industry and environmental sustainability outcomes through its procurement activities which will be undertaken in accordance with established probity and governance standards. Procurement decision making will be driven by sustainable procurement outcomes that are aligned with EQL's Business Plan.

The Procurement and Supply Group will prioritise the following activities in the 2022/23 financial year:

- Support delivery of the DEBBs project and achieve critical implementation milestones
- Deliver on financial and operational targets to achieve sustainable business efficiencies
- Continue to review the Procurement and Supply service delivery model to identify and embed improvement opportunities to deliver better value
- Strengthen/develop internal capability and leadership to drive performance culture
- Support the Queensland Government Energy and Jobs Plan

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1. INTRODUCTION

Energy Queensland is Australia’s largest government-owned electricity company. Our ‘poles and wires’ businesses, Ergon Energy Network and Energex deliver electricity across Queensland. Ergon Retail sells electricity to customers throughout regional Queensland and Yurika delivers a range of innovated products and services as an unregulated business.

Energy Queensland manages sophisticated energy distribution networks and is the largest electricity distribution company in Australia, covering the entire state of Queensland, with an asset base of \$28.4 billion.

Energy Queensland provides services to 2.3 million connected customers and covers an area of 1.7 million km² with 247,000 km of electricity network both overhead and underground.

The Procurement team is responsible for development and delivery of category strategies that aim to achieve the best value proposition for Energy Queensland in terms of its influenceable spend. The execution of a strategy includes, but is not limited to, the establishment of contracts for the construction, services, and materials necessary to maintain and build our electricity network and support our unregulated businesses. Our Procurement team also manages the supplier relations that come from our commercial arrangements in an effort to extract the full value of that arrangement through process and product improvement and performance management.

2. FUNCTIONAL ALIGNMENT

2.1. Energy Queensland Vision

Energy Queensland’s long term vision articulates its future state and provides the focus of the Corporate Procurement Plan. EQL’s vision is “Energising Queensland communities”.

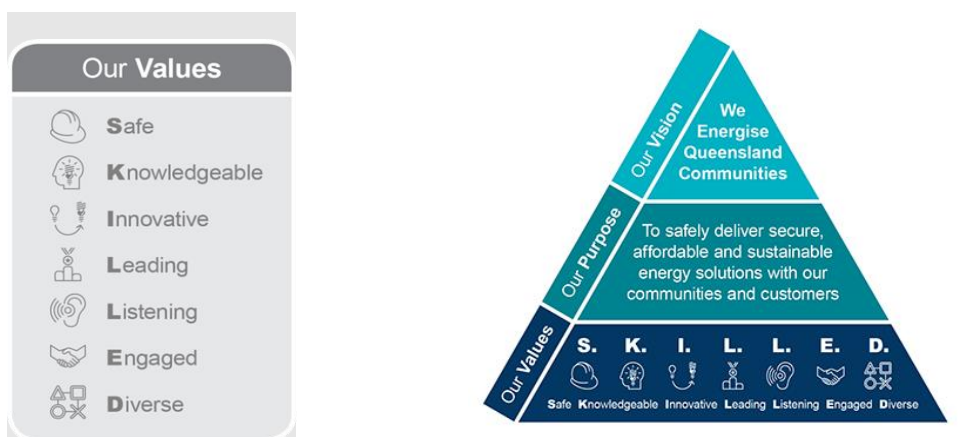
The EQL of the future will continue to identify and assess opportunities to leverage its core capabilities and provide additional value and services as a productive long-term successful business.

2.2. Energy Queensland Purpose

Driven by the vision, Energy Queensland’s purpose underpins its core business role within the electricity distribution industry, to “safely deliver secure, affordable and sustainable energy solutions for our communities and customers”. Energy Queensland will explore opportunities to offer customers more choice in the provision of energy services while recognising the need for affordability.

2.3. Energy Queensland Values

Energy Queensland’s values, which underpin the agreed behaviours and decision making approach to its business operations and delivery, are:



2.4. Energy Queensland's 2022/2023 Business Plan

Energy Queensland has an overarching business plan for the financial year and additionally each division has a tailored business plan specific to their operations. EQL's Corporate Measures for the 2022/2023 financial year, form part of the Business Plan and contains the key initiatives and strategies for each Key Result Area. EQL continuously tracks and reports its progress against the targets throughout the year.

The priorities for EQL in 2022/2023 are Safety, Keeping the Lights On, Financial Sustainability and People and Culture. These are all underpinned by our goal of empowering an 'electric life'.

3. PROCUREMENT OBJECTIVES

The continued focus of the Procurement & Supply Group is on delivering sustainable procurement solutions by extracting optimal value. This is achieved through policies and processes that are based on the following objectives:

1. Support the EQL Business Plan through the establishment and implementation of procurement strategies and sourcing activities that align to EQL's Business Plan.
2. Achieve balanced commercial outcomes that meet EQL's regulatory and shareholder commitments taking into consideration:
 - Non-cost factors such as fit for purpose, quality, service and support, and sustainability considerations; and
 - Cost related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.
3. Implement sustainable procurement practices that secure the supply of materials and services for EQL.
4. Ensure probity and accountability is maintained throughout the procurement process.
5. Pursue opportunities to achieve the economic, environmental and social objectives of the Queensland Government including the Queensland Government Energy and Jobs Plan.

The Procurement and Supply Group undertakes reviews to ensure that it procures in accordance with obligations placed on EQL by the:

- Queensland Procurement Policy;
- Competition and Consumer Act 2010 (Cth);
- Right to Information Act 2009 (Qld);
- Building Industry Fairness (Security of Payment) Act 2017
- Queensland Code of Practice for the Building and Construction Industry;
- ASEAN-Australia-New Zealand Free Trade Area (AANZFTA);
- Queensland Information Technology Contracting (QITC) Framework; and
- Other legislative or Government policy obligations which apply to Energy Queensland's procurement activities from time to time.
- Modern Slavery Act 2018
- Security of Critical Infrastructure Act (2018) (Australia)

4. PROCUREMENT STRUCTURE

Reporting to the EGM Finance, the Procurement Group is structured in the following teams:

Strategic Sourcing – provides sourcing solutions that capture and optimise value, leading and managing a range of tendering activities to establish high quality contracts and panels in an efficient and effective manner.

Category Management – work with EQL business units to deliver sustainable and socially responsible commercial outcomes. EQL's four categories are:

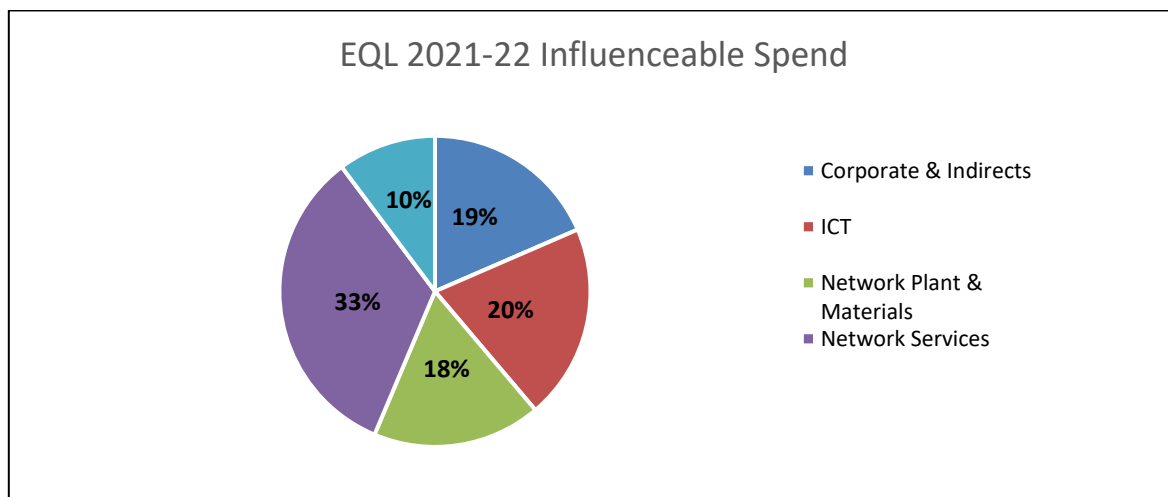
- Corporate and Indirects – responsible for corporate spend categories such as fleet, facilities management and the engagement of consultants and professional contractors.
- Network Services – responsible for services and construction spend categories such as vegetation, overhead construction and metering.
- Network Plant and Materials – responsible for inventory contracts for the plant and materials used by EQL
- Digital – responsible for ICT services and supply arrangements.

Procurement Excellence – provides systems support and development, procurement program analysis and reporting, planning, budget preparation and performance analysis. EQL's procurement policies and processes are maintained to support a stable and robust purchasing platform along with innovative approaches tailored to unregulated business needs. Also responsible for compliance monitoring against EQL's Purchasing Business Rules.

5. PROCUREMENT PROFILE

5.1. Review of 2021/2022 Performance

5.1.1 Annual Influenceable Spend



Note: Excludes Corporate Card spend

5.1.2 Total Procurement Spend

Category	Transaction Amt (\$)	%
Corporate & Indirects	\$289M	18.49%
ICT	\$318M	20.33%
Network Plant & Materials	\$275M	17.54%
Network Services	\$523M	33.41%
Non Contract	\$160M	10.23%
Total	\$1,565M	100.00%

5.1.3 Top 20 EQL Procurement Suppliers

Supplier Name	Category
Ventia Utility Services Pty Ltd	Services
ETS Infrastructure Management	Services
Ampol Australia Petroleum PL	Services
Wilson Transformer Co Pty Ltd	Materials
MIDLAND METALS OVERSEAS PL	Materials
ZINFRA PTY LTD	Services
SG FLEET AUSTRALIA PL	Services
Accenture Australia Pty Limited	Services
UAM PL	Services
J & P Richardson Industries P/L	Services
Spotless Facility Services PL	Services
TREESCAPE AUSTRALASIA PL	Services
SAVVY RESOURCES	Services
SAP Australia Pty Ltd	Services
Oracle Corporation Australia P/L	Services
C D PATROLS PL	Services
Telstra Corporation Limited	Services
KOPPERS WOOD PRODUCTS PL	Materials
Powerlines Plus (QLD) Pty Ltd	Services
EDMI Pty Ltd	Materials

This table represents the EQL spend against Top 20 Procurement Suppliers over the 2021/22 financial period. Services suppliers account for 85.87% of the top 20 and Materials suppliers the remaining 14.13%.

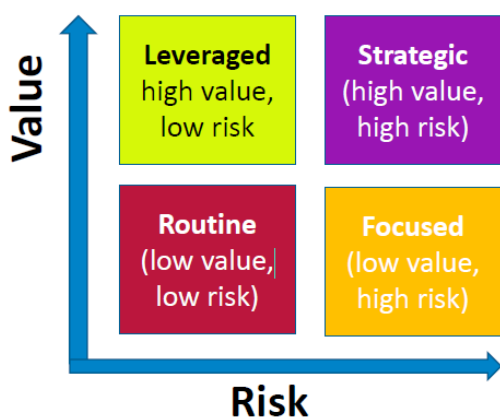
5.1.4 Value Risk Matrix (VRM)

EQL utilises a Value Risk Matrix (VRM) to assess the level of complexity associated with a sourcing activity, or development of a category management strategy. In performing the VRM assessment, two major factors are considered:

- The 'degree of business risk' of the goods or services, which means:
 - The degree to which the goods or services present risks or are critical to Energy Queensland;
 - The extent to which a competitive supply market for the goods or services exists.
- The estimated expenditure for the goods or services.

The quadrants are outlined below:

5.1.5 Energy Queensland's Value Risk Matrix Quadrants



Routine – These contracts are low in value and low risk. A light touch approach is recommended.

Leveraged – These contracts are high in value but low risk. A priority for managing these contracts will be on how to leverage the value as much as possible.

Focused – These contracts are higher risk than routine contracts, but not high value. The priority for managing these contracts will be to focus on contracts management activities that help minimise risk.

Strategic – These contracts are high value and high risk to the organisation. These contracts require proactive contract management to ensure value is optimised with appropriate risk management in place.

5.2. Supply Chain Risk Management

Energy Queensland undertakes a supply chain risk assessment as part of its procurement planning on a project by project basis; the intent being, to align with government policy and ISO20400 in order to deliver sustainable procurement outcomes that support positive social, environmental and economic outcomes. Additionally, with the implementation of the Modern Slavery Act, Energy Queensland is taking specific, proactive steps to establish clear strategies to mitigate the risk of modern slavery across our supply chains.

Supply chain risk will also be minimised through effective day to day supply chain management, with a focus on supplier performance, compliance with terms and conditions, processes of materials management, logistics, physical distribution management, chain of responsibility reviews, purchasing, and information management.

5.3. Financial Risk Management

All financial risks are managed to minimise risk exposure and reduce potential financial losses arising from these exposures. In doing so, Energy Queensland seeks to minimise costs and ensure there is an appropriate balance between risk and return. These risks typically include:

- Foreign Exchange risk – the risk that the cost of the goods or services will increase due to adverse movements in foreign exchange rates;
- Commodity Price risk – the risk that the cost of goods being purchased will increase due to adverse movements in the price of underlying commodities making up the goods; and
- Credit risk – the risk of financial loss due to the failure of another organisation to meet its contractual obligations.\

5.4. Category Management Framework

EQL has a Category Management Framework to support the Category Management Teams with the management of their categories. The framework provides tools to leverage commercial and business requirements, supplier relationships and industry expertise to drive sustainable, immediate and longer term value. The framework also provides guidance for the development of category strategies which include market and spend analysis, innovation opportunities and category specific elements to optimise benefits and risk mitigation.

6. PROCUREMENT PROCESSES, SYSTEMS AND PRACTICES

Initiatives to derive a single set of business processes and systems continue and will be finalised in conjunction with the full implementation of SAP Ariba, SAP MDG (Master Data Governance), Fieldglass and S/4Hana Procurement modules.

These modules will provide a streamlined platform for Strategic Sourcing, Procure to Pay, Supplier Lifecycle & Performance Management, as well as enable opportunities to improve governance and compliance across the various Energy Queensland buying channels.

7. COMPLAINTS

Energy Queensland has a Complaints Management Policy which can be found on the EQL website at the following address: [Complaints Management Policy – Energy Queensland](#)

Complaints can be submitted through the online enquiry form at the following address: [Contact Us – Energy Queensland](#).

If you have a complaint relating to EQL that involves, or may involve, suspected Corrupt Conduct as defined under the Crime and Corruption Act 2001 (Qld) or a Public Interest Disclosure as defined in the Public Interest Disclosure Act 2010 (Qld), or suspected Modern Slavery as defined under the Modern Slavery Act 2018 (Cth), please call our 24/7 Integrity Line on 1800 822 965 or send details in writing to the following address: The Company Secretary PO Box 1090, Townsville QLD 4810.

8. CONFLICT OF INTEREST

Conflicts of interests between EQL and tenderers are declared during the tender process and are managed in accordance with the EQL Employee Conflict of Interest Policy (P005). .