

# Procurement Business Rules

**Forward:** The Energy Queensland Strategic Procurement Group (“SPG”) has developed an interim set of Procurement Business Rules to provide early process guidance and standards to all Energy Queensland business operations including subsidiaries. These interim Business Rules have been developed to assist clients with an understanding of the minimum requirements expected when purchasing, and in doing so seek to identify the purchasing needs of both the regulated and unregulated businesses. In respect of the unregulated business, SPG has identified that there is a particular need to tailor solutions as opportunities and challenges emerge, while ensuring that we continue to work together within important ring fencing parameters at all times. There will be updates to the interim Business Rules on an as required basis over the next 12 months. The longer term strategy is to design and implement an online Energy Queensland procurement system and tools and in tandem develop a revised set of Energy Queensland Procurement Business Rules. The timing of implementation for the replacement to the interim Business Rules is February 2019.

Effective 4 June 2018



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## 1. PURPOSE AND SCOPE

### 1.1. Purpose

The Procurement Business Rules align with and support Energy Queensland's Sustainable Procurement Policy [P011](#). They set the minimum standards required when conducting any procurement activities on behalf of Energy Queensland and its subsidiaries.

### 1.2. Scope

The Procurement Business Rules apply to:

- All Energy Queensland employees (full time, part time, temporary and casual) and Contractors engaged by or associated with Energy Queensland when conducting Energy Queensland business;
- All expenditure for goods and services procured by Energy Queensland and its subsidiaries, unless specifically excluded in these Procurement Business Rules.

## 2. REFERENCES

P004	Energy Queensland Employee Code of Conduct
P012	Energy Queensland Travel Policy
P011	Energy Queensland Sustainable Procurement Policy
P006	Energy Queensland Employee Entertainment, Hospitality & Gifts Policy
P029	Recordkeeping Policy
P034	Confidential Information Policy
EP76	Ergon Energy Corporate Card Policy
R191	Corporate Card Business Rules
MP000607R101	Ergon Energy Corporate Card Policy Business Rules
Purchasing Card Cardholder Manual	Energex Purchasing Card Manual
WR000800R100.	Ergon Energy Contractor WH&S Management Reference
MP000903R110.	Ergon Energy Work Health and Safety Conditions
00337	Energex Safety Management System
00338	Energex Safety Manual

[Queensland Procurement Policy 2018](#)

[Integrity Act](#)

[Queensland Government Right to Information](#)

[Privacy Act](#)

[Disability Discrimination Act 1992 \(Cth\)](#)

## 3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

### 3.1. Definitions

**Contract:** A formal and binding agreement that relies on suitable terms and conditions executed on behalf of Energy Queensland intended to be enforceable by law.

**Contract Contingency Value:** An amount of money included in the original financial approval of a contract that is set aside for the purpose of unexpected costs and relatively minor contract variations.

**Corporate Card (purchasing card):** Monthly charge cards which nominated cardholders can use to manage and monitor their business-related expenses. The credit facility has been established by Energy Queensland, and cardholders are authorised to operate the credit facility as agents. Conditions of use of the credit facility apply to the use of a card by the cardholder and are forwarded to each cardholder on card issue.

**Client:** An Energy Queensland or subsidiary's employee who initiates a request to procure goods and or services, and is likely to be the technical / business representative during the procurement process. This person may or may not represent Energy Queensland as the "purchaser" (refer definition below) under the ensuing contract.

**Contractor:** Contractors are any external third party contracted to provide Services, Minor Works Construction and High Risk Construction work including core work. Types of Contractors include:

**Professional Services Contractor:** An external resource engaged to implement an existing process to deliver a known product/outcome, where there is generally no requirement for Professional Indemnity insurance or Intellectual Property requirements.

Examples of Professional Services Contractors include:

- key note speakers, workshop facilitators, trainers, presenters
- information technology programmers, software development and implementation, analysts and system support staff
- market researchers, organisations compiling statistical data
- built environment design and production undertaken by architects and engineers
- feasibility studies
- valuation services on land, buildings and other departmental assets or potential assets
- legal advice
- building and construction contractors (capital works)
- road and bridge design
- road and bridge construction (capital works)
- design, conceptual design services provided by creative design houses, public relations companies etc.
- general financial, legal and taxation services that provide ongoing advice on day-to-day issues
- financial audit, workplace health and safety audits and most probity advisor/audit activities.

Note: Some engagements of Professional Services Contractors will require Professional Indemnity Insurance and/or more robust terms and conditions which can be facilitated by SPG.

**Labour Hire:** Resources engaged via a prequalified Labour Hire Panel. These engagements relate to workers temporarily engaged under flexible arrangements to cover specific employee positions. They are supervised and typically used for the purpose of backfilling permanent employees who are on leave, on projects or during periods of peak or seasonal demand.

**Consultant:** An external resource engaged where more than one of the following criteria apply:

- Provide expert knowledge to analyse information, draw conclusions and make recommendations in the form of a written report or an intellectual product for future action, which Energy Queensland must then decide upon or take a certain course of action
- The nature of the output is not necessarily predictable, but tends to be open ended and is more complex (e.g. a range of recommendations which Energy Queensland must consider)
- Development of a new concept or process, where Energy Queensland requires critical judgement to consider the recommended course of action
- Work is not directed by Energy Queensland
- A consequence of the risk of the engagement attracts Professional Indemnity Insurance and Intellectual Property terms and conditions as part of any contract.

**Construction Contractor:** An external resource engaged to undertake high risk or minor construction work in accordance with WHS obligations.

High risk construction work:

- involves a risk of a person falling more than 2 metres
- is carried out on a telecommunication tower
- involves demolition of an element of a structure that is load-bearing
- involves demolition of an element of a structure that is related to the physical integrity of the structure
- involves, or is likely to involve, disturbing asbestos
- involves structural alteration or repair that requires temporary support to prevent collapse
- is carried out in or near a confined space
- is carried out in or near a shaft or trench deeper than 1.5 metres or a tunnel
- involves the use of explosives
- is carried out on or near pressurised gas mains or piping
- is carried out on or near chemical, fuel or refrigerant lines
- is carried out on or near energised electrical installations or services
- is carried out in an area that may have a contaminated or flammable atmosphere
- involves tilt-up or precast concrete
- is carried out on, in or adjacent to a road, railway, shipping lane or other traffic corridor in use by traffic other than pedestrians
- is carried out in an area of a workplace where there is any movement of powered mobile plant
- is carried out in areas with artificial extremes of temperature
- is carried out in or near water or other liquid that involves a risk of drowning
- involves diving work.

**Services Contractor:** An external resource engaged for services including alteration, conversion, fitting-out, commissioning, renovation, repair, maintenance, services, refurbishment, demolition, decommissioning or dismantling of a structure. Services Contractors may also be engaged to perform corporate services.

**Energy Queensland:** Energy Queensland Limited including its subsidiaries.

**Expression of Interest:** Is a market test mechanism used for the purpose of:

- Pre-qualifying suitable market players to a panel based on their technical, managerial and financial capacity;
- The first stage in a multi staged tender process to allow short-listing for a closed tender process.

**Fixed Assets:** A fixed asset is defined as an item that is intended for productive use over a period greater than 12 months and the cost is equal or greater than \$1000.00 GST exclusive. It is an item that will not be consumed or sold in the short term or as part of normal business operations. Fixed Assets include tangible assets such as land, buildings, vehicles, furniture, office equipment, computers and tools, as well as intangible assets such as software.

**Limited Sourcing:** Used to describe a circumstance where the established procurement business rules cannot be applied. Categories of limited sourcing are described in Section 8.

**Preferred Contractor Panel:** Established contractual arrangements (through a market test) to prequalify Suppliers for a range of goods and/or services.

**Procurement:** The acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of corporations, generally via a contract. For the purpose of these Business Rules the word "purchasing" has the same meaning.

**Purchase Requisition:** Provides the detail for the purchase of goods and/or services, stating the type of purchase and quantity required, and forms the basis of a purchase order. The purchase requisition requires approval from the appropriate financial delegate to create the purchase order.

**Purchaser:** An employee nominated / authorised by a Client who makes day to day contract and purchasing decisions on behalf of the corporation. A Client may also be the Purchaser.

**Purchase Order Contract:** A contract that relies on limited terms and conditions as provided on a Corporate Purchase Order.

**Quotation:** A verbal and/or written offer to provide goods and/or services usually with a timeframe of validity.

**Scope:** The means by which Energy Queensland provides prospective Suppliers with a description of its requirements.

**Short Form Contract:** A contract that relies on short form terms and conditions, utilised to cover identified risks which are more than those covered by purchase order terms and conditions, but not as comprehensive as a full contract.

**Specification – Functional:** Sets out what is to be achieved (outcomes) rather than describing in detail how the outcome will be achieved.

**Specification – Technical:** Highly descriptive, detailing physical characteristics such as size, capacity, type of materials, tolerances, work instructions, service levels, response times, security encryption etc.

**Supplier:** An external party providing goods or services outside of the definition of ‘Contractor.’

## 3.2. Acronyms and abbreviations

The following acronyms appear in this document:

<b>CEO</b>	Chief Executive Officer
<b>EOI</b>	Expression of Interest
<b>GMSP</b>	General Manager Strategic Procurement
<b>Level 1 Manager</b>	Direct report to the CEO (i.e. Executive General Manager)
<b>Level 2 Manager</b>	Direct report to a Level 1 Manager (i.e. General Manager)
<b>Level 3 Manager</b>	Direct report to a Level 2 Manager (i.e. Department Manager)
<b>LoB</b>	Line of Business
<b>PCP</b>	Preferred Contractor Panel
<b>PP</b>	Procurement Plan
<b>QPP</b>	Queensland Procurement Policy
<b>RTP</b>	SPG Request to Procure
<b>RFQ</b>	SPG Request for Quote
<b>SPG</b>	Strategic Procurement Group
<b>WHS</b>	Work Health and Safety

### 3.3. How to contact SPG

Strategic Sourcing	<a href="mailto:SPGSourcing@energyq.com.au">SPGSourcing@energyq.com.au</a>
Procurement Excellence	<a href="mailto:SPGProcExcel@energyq.com.au">SPGProcExcel@energyq.com.au</a>
Category Management -Network Services	<a href="mailto:SPGNetworkServices@energyq.com.au">SPGNetworkServices@energyq.com.au</a>
Category Management - Network Plant & Materials	<a href="mailto:SPGPlantandMaterials@energyq.com.au">SPGPlantandMaterials@energyq.com.au</a>
Category Management - Corporate & Indirect	<a href="mailto:SPGCorp&amp;Indirect@energyq.com.au">SPGCorp&amp;Indirect@energyq.com.au</a>
Digital	<a href="mailto:SPGDigital@energyq.com.au">SPGDigital@energyq.com.au</a>

## 4. SUSTAINABLE PROCUREMENT PRINCIPLES – QUEENSLAND PROCUREMENT POLICY

Energy Queensland’s procurement strategies, policies and practices are based upon the principles contained in the Queensland Procurement Policy 2018:

- Value for Money (primary principle) - putting Queenslanders first when securing value for money – recognising that value for money is more than price paid
- Working together to achieve outcomes – providing a flexible procurement framework based on an agency-led procurement model
- Governance and planning – focusing on a category management approach with a strong governance framework and integrated planning
- Leaders in procurement practice – professionalising the procurement discipline and building procurement capability
- Integrity, probity and accountability – ensuring procurement is undertaken with integrity, that probity is appropriately managed, and that accountability for outcomes is maintained
- Advancement of Government objectives – providing the procurement framework to advance economic, environmental and social objectives. This principle is applied through ensuring capable and competitive local Suppliers, including Queensland Suppliers and small business, are given a full, fair and reasonable opportunity to supply goods and services to Energy Queensland.

## 5. PREFERRED CONTRACTOR / PREQUALIFICATION PANELS

Energy Queensland has established contractual arrangements with preferred/prequalified Suppliers for a range of goods and/or services according to their expertise and capability. These arrangements serve the following purposes:

- Satisfy the requirements of Energy Queensland’s Procurement Principles to test the market place with a competitive, fair and equitable engagement process.
- Having satisfied the market test, enables a streamlined process of day to day engagements, while at the same time ensuring Energy Queensland maintains a reasonable degree of legal and commercial control through these engagements.

Where a preferred / prequalified arrangement exists, that meets the requirements of the proposed scope of work, that arrangement must be utilised, except when the scope of work is outside of Queensland. In the event that the scope of work is outside of Queensland, the Purchasing Matrix at section 7.3 of this document should be followed. A risk assessment should also be completed to ensure appropriate terms and conditions are used for the engagement, minimising the risk exposure to Energy Queensland. If there is a specific arrangement established for the work outside of Queensland, that arrangement must be utilised.

SPG can provide details of preferred / prequalified arrangements and the appropriate engagement method for each arrangement.

If a contractual arrangement exists, but the requirements of the proposed scope of work cannot be met due to an inability of the Supplier to supply resources and/or materials in the required timeframe and/or to scope/specification, the Purchasing Matrix at section 7.3 of this document should be followed. Evidence of the Supplier's inability to meet requirements should be obtained in writing and kept in accordance with the Public Records Act 2002. A risk assessment should also be completed to ensure appropriate terms and conditions are used for the engagement, minimising the risk exposure to Energy Queensland.

All requests to add Suppliers to an existing preferred / prequalified arrangement must be directed to SPG who will give consideration to Suppliers on the existing arrangement who were appointed using a fair, equitable and competitive evaluation process that has determined their capability to supply the required services. Notwithstanding this, preferred / prequalification arrangements may vary from market to market and during the life of the arrangement. The specific entry arrangements will be agreed prior to the release of an EOI, and will be reflected in the EOI to inform each market of the ongoing arrangements for entry.

Committing to add a Supplier to an arrangement by verbal or written communication, without consulting SPG and without regard to the prescribed entry arrangements, exposes Energy Queensland to the risk of serious complaint and in certain circumstances can jeopardise the future of a preferred / prequalification arrangement.

## 6. SPECIAL PROCUREMENT ARRANGEMENTS

### 6.1. Travel and Accommodation

Employees

All arrangements for Energy Queensland travel and accommodation requirements must be made in line with the Energy Queensland Travel Policy P012.

Travel related expenditure such as meals, ground transport (taxis and hire cars), car parking and any other travel related expenditure must be confined to that which is essential to effectively carry out Energy Queensland duties and responsibilities and should be in line with Energy Queensland Travel Policy P012. For expenditure of this nature that is classified as entertainment, reference should be made to the Energy Queensland Employee Entertainment, Hospitality and Gifts Policy P006.

Contractors

The most appropriate travel and accommodation arrangements will be determined at the time of negotiating the contract. Refer to the specific contract for details of the travel, accommodation and meals arrangements.

### 6.2. Information Technology and Telecommunications

All purchases of computer hardware, software and telecommunications equipment must be directed to the Digital Office. An online IT Service Request form is available for this purpose.

### 6.3. Fleet

Requirements and support for fleet purchases may be obtained by contacting Energy Queensland Fleet Department.

## 6.4. Stationery

Ergon Energy - Stationery orders must be placed through the contracted Supplier portal on the intranet and paid for using Corporate Credit Card at the time of placing the order.

Energex – Vendor Management Inventory (VMI) cupboards are located throughout Energex sites. Cupboards are inspected by the contracted Supplier on a monthly basis and stocks replenished as required. Invoices are paid from the approved funds under the Contract. Where specific stationery (not kept in VMI cupboard) is required, orders are placed directly with contracted Supplier.

## 6.5. PPE (Field Uniforms)

All Ergon Energy PPE orders must be placed through the contracted Supplier portal on the intranet. All Energex PPE orders are placed through on-line forms on the intranet.

## 6.6. Auction

Where consideration is given to acquiring second hand goods or purchasing at an auction, specific advice is required from the Strategic Sourcing Manager. A risk assessment will need to be undertaken for such purchases and advice on suitability/approvals will be assessed on a “case by case” basis.

## 7. DETERMINING THE APPROPRIATE PROCUREMENT APPROACH

### 7.1. Risk

Regardless of the cost, procurement of a good and/or service attracts some level of risk exposure to Energy Queensland.

As a consequence, the first consideration that needs to be made in any procurement decision-making process is what level of risk mitigation is required.

In some cases the Purchase Order terms and conditions will suffice, however a proper examination and assessment of risk for a proposed purchase will often reveal that a contract is necessary despite the dollar value being low. A formal contract contains a much higher level of detail to reflect necessary terms, conditions and specification of the goods or services required, and therefore offers the required level of risk mitigation capability even though the contract value might be quite low.

Your risk assessment should determine whether additional technical, process or contractual protections are required for risks such as intellectual property, privacy, confidentiality and security for the particular product or solution (you may wish to use the contract risk assessment Tool in section 7.2).

Where risks are significant enough to require a reconsideration of the process identified by the monetary cap thresholds (Section 7.3), engage the expertise of SPG to determine the best procurement method.

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## 7.2. Assessing Contract Risk

When undertaking a Risk Assessment use the Energy Queensland Risk Evaluation Matrix including a Risk Reporting Escalation Mechanism, refer R056.

### Contract Risk Considerations

Refer to the below table for examples of Contract Risk Considerations:

	Secure		Affordable		Sustainable		
	People	Infrastructure (Network, Non-Network, SCADA, ICT)	Financial Impact (Incl. Total Cash Impact)	Cost to Customer	Reputation	Non-Compliance	Culture
Contract Risk Considerations	<ul style="list-style-type: none"> <li>Capability, capacity and resourcing to deliver the contract</li> </ul>	<ul style="list-style-type: none"> <li>Cyber security and data considerations</li> <li>Continuity and quality of supply</li> </ul>	<ul style="list-style-type: none"> <li>Immature market</li> <li>Volatile industry</li> <li>Financial stability of contractor</li> <li>Foreign exchange and commodity exposure</li> </ul>	<ul style="list-style-type: none"> <li>Supplier dependency</li> <li>Value for money</li> </ul>	<ul style="list-style-type: none"> <li>Attracts community, customer and political attention</li> </ul>	<ul style="list-style-type: none"> <li>Potential breach of any corporate, regulatory or legislative requirements</li> </ul>	<ul style="list-style-type: none"> <li>Sensitivity to cultural considerations</li> </ul>

When the level of risk is above Minor, seek advice from SPG.

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## 7.3. Purchasing Matrix

The purpose of the Purchasing Matrix is to provide the business with monetary caps that ensure a fair equitable and transparent competitive market engagement process is maintained. Notwithstanding this, these monetary caps are set at a level that recognises the transactional and efficiency needs of Energy Queensland. Where a preferred / prequalified arrangement exists, that meets the requirements of the proposed scope of work, that arrangement must be utilised. SPG can provide details of preferred / prequalified arrangements and the appropriate engagement method for each arrangement (refer section 5).

The following purchasing matrix should be used in conjunction with a risk analysis to determine the required purchasing procedure.

Level	Purchasing Limits	Mandatory Document Requirement				Supplier Engagement				Authority to Approve
		One Verbal or Written Quote	Minimum One Written Quote	Minimum Three (3) Written Quotes	'SPG-Request to Procure' (ICT Request)	Corp Card ***	Purchase Order	Short Form Agreement	Formal Contract	Authoriser to approve expenditure **
Level 1	up to \$5,000	✓			O	✓	O			✓
Level 2	\$5,001 to \$20k		✓		O	O	✓	O		✓
Level 3	\$20,001 to \$100k			✓	O	O	✓	O	O	✓
Level 4	\$100,001 to \$500k			✓	O		✓	O	O	✓
Level 5	>\$500k				✓		As per Procurement Plan	As per Procurement Plan	As per Procurement Plan	✓

- For the purposes of audit all quotation(s) and documentation supporting the purchase must be filed in a secure and central location
  - The purchasing value is calculated over the intended engagement period of the Supplier or Contractor for the project or requirement
  - All consultancy engagements require SPG advice regardless of value
  - All construction works (outside of any existing contractual arrangement) requires SPG advice regardless of value
- \*\* Refer **Register of Delegations**
- \*\*\* Transaction value is limited by the approved limit of the individual card holder and excludes restricted items as detailed in Corporate Card guidelines
- O = Optional (dependent on risk assessment)

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Where it has been determined that SPG must be engaged, raise an online ICT Request (SPG-Request To Procure). SPG will work with you to deliver the appropriate procurement outcome.

**Note** - for panel/prequalification arrangements the engagement mechanism in the contract is to be followed. Where SPG has adopted Queensland Government panels with fixed rates, a single quotation is acceptable up to \$500k.

## 8. LIMITED SOURCING

In some cases, excluding Consultants, it may not be possible or practical to adopt a normal open market approach by obtaining multiple quotes, conducting Expressions of Interest (EOI) or tender processes, in this document this is defined as Limited Sourcing.

### 8.1. When is it appropriate to use Limited Sourcing

For purchases:

- between \$20,001 and \$500,000 (levels 3 and 4); AND
- that meet one of the Limited Sourcing categories below; AND
- does NOT relate to a consultancy.

Note: Maximum approval is \$500,000.

Purchasing Limits	Mandatory Document Requirement					Supplier Engagement				Authority to Approve		
	One Verbal or Written Quote	Minimum One Written Quote	Minimum Three (3) Written Quotes	Limited Sourcing Approval (Form)	SPG Request to Procure (ICT Req)	Corp Card	Purchase Order	Short Form Agreement	Formal Contract	Authoriser to approve expenditure	LoB GM Approval	SPG Level 3 Manager Endorsement
\$20,001 to \$500k (Level 3 & 4)		✓		✓	✓	0	✓	0	0	✓	✓	✓

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For purchases over \$500,000 complete a Request to Procure. Departures over \$500,000 require EGM Approval. Procurement will assess the request and recommend an appropriate procurement strategy.

O = Optional (dependent on risk assessment)

The categories of Limited Sourcing are:

1. No responses or conforming responses received to EOI/Open tender.
2. A prototype good or service intended for limited trial.
3. Additional supply or continuous services – where changing the Supplier would result in procurement of goods or services that do not meet Energy Queensland's requirements.
4. Sole Supplier – where no alternative products (goods or services) are available in the usual worldwide market.
5. Intra-Government procurement activities.
6. Extreme urgency to restore/maintain security of supply.
7. Shareholder sensitivity and/or where the integrity of a project may be questioned.

## 9. ENGAGEMENTS

The definition for each type of Contractor can be found in Section 3.1 of this document. Contractors must not commence providing services to Energy Queensland without execution of the required contract documents or purchase requisition raised (where PO terms and conditions are deemed appropriate for the engagement by SPG). It is very important that this requirement is observed, as it enables Energy Queensland to properly manage its commercial and legal risk requirements. Non-compliance will be reported to the Executive Leadership Team periodically.

Contractor Type *	Purchasing Limit	Procurement Method
Consultants	Level 1 – 4	Mandatory to contact SPG
Professional Services AND Services Contractors	Level 1 – 4	<ul style="list-style-type: none"> <li>• Where a Panel exists it must be utilised (refer section 5)</li> <li>• Where no Panel exists – follow Purchasing Matrix rules (refer section 7.4)</li> <li>• Follow Limited Sourcing rules where applicable (refer section 8)</li> <li>• Departure from any rule above - refer section 254</li> <li>• In all instances, where contract risks are identified (section 7.2), contact SPG</li> </ul>
Construction Contractors –	Level 1 - 4	<ul style="list-style-type: none"> <li>• Mandatory to use and refer to existing contract or panel/prequalification arrangement where it exists (refer section 5)</li> <li>• Where no existing arrangement exists, mandatory to contact SPG for ALL High Risk Construction Works</li> <li>• Mandatory to contact SPG for all Construction Works &gt;\$250k to ensure WHS Legislation for Principal Contractor is applied.</li> <li>• All property maintenance requests must be initiated by an ICT Request for all EQL non network services</li> <li>• In all instances, where contract risks are identified (section 7.2), contact SPG</li> </ul>
Labour Hire	Level 1 - 4	Mandatory to contact HR Careers

\*Corporate Card must NOT be used for the payment of Contractors (unless this is the payment method established through the contract arrangement).

### 9.1. Risks Associated with Contractor Engagements

The types of risks associated with the engagement of Contractors may include:

- A requirement for Professional Indemnity Insurance.
- Reimbursable expenses agreed to have not been correctly documented.
- The Supplier has access to private, personal or confidential information. (Refer Confidential Information Policy P034).
- Ownership of any Intellectual Property (IP) developed in the course of the work. Consider who will own any developed IP and if any existing IP is being used ensure Energy Queensland has sufficient licence/s to use this IP.

- Key deliverables and milestones associated with completion of the work/payment are correctly documented.
- The Supplier is a sole trader.
- The Supplier will have access to or possession of any information in respect of Energy Queensland's Customers or Energy Queensland's data.
- Potential for WHS or environmental impacts.
- Potential for damage to Energy Queensland's brand or reputation.
- Potential for physical damage to Energy Queensland's property.

Regardless of the value, where risk/s have been identified as outlined above, SPG must be consulted to determine the appropriate contract terms and conditions.

It is inappropriate for a Contractor to lead and/or influence EQL engagement decisions for other Contractors (i.e. often their direct competitors). Where a Contractor has prepared a Specification/Scope, their agency may not be permitted to submit an offer for the services.

## 10. SAFETY OBLIGATIONS

Energy Queensland has obligations under the Workplace Health and Safety Act 2011 to demonstrate a duty of care to employees and visitors to ensure the health, safety and welfare of employees, contractors and visitors in the workplace.

All Energy Queensland employees are to be mindful at all times that:

- They should contribute to achieving and maintaining the highest safety outcomes possible
- When conducting purchasing activities that goods and services acquired comply with all safety requirements; and
- The selection of goods and services meet Energy Queensland's safety obligations.

The Energex Safety Obligations Policy outlines Energex's expectations of its employees and investigative procedure initiated when actions are performed that do not comply (a non-compliance) with the established safety systems and processes, including the provisions of the Energex Safety Manual.

The Ergon Work Health and Safety Conditions and Contractor WHS Management Guidelines assist with identification of safety hazards and risks associated with performing contract works.

Contractors should be made aware of their safety obligations under the relevant procedures at the time of entering into a contract.

Note: An EQL Contractor Safety Management System is under construction and this section will be updated when this work is completed.

## 11. SHORT FORM CONTRACTS

Short Form Contract documentation is provided to assist purchasers with their quotation process up to \$500,000 in order to demonstrate compliance with the Sustainable Procurement Policy and these Business Rules and establish more robust terms and conditions than a purchase order. The added and important advantage of Short Form Contracts is that this mechanism support local industry contractor participation due to the reduced complexity and bureaucracy of a contractual arrangement for engagement.

A Short Form Contract contains a higher level of legal, commercial and safety detail than the purchase order terms and conditions, and should be used to mitigate identified contractual risk in the purchase.

SPG must be consulted to establish a Short Form Contract.

## 12. PURCHASE ORDER USE

- A Purchase Order must be created and issued prior to any goods/services being delivered where Corporate Card has not been pre-established as the payment mechanism. It is important to ensure the purchase order is provided to the Supplier before the goods/services are supplied. The Purchase Order triggers the purchase and activates the Purchase Order terms and conditions which in turn provides Energy Queensland with a degree of legal and commercial protection.
- Where a Purchase Order is created for a Contract, the Contract is referenced on the Purchase Order to ensure that the Contract terms and conditions take precedent over the Purchase Order terms and conditions.
- A Purchase Requisition must include the total value of the intended commitment to the supplier and NOT be split across a number of Purchase Requisitions, for the purpose of bypassing appropriate delegation approval levels or procurement quotation requirements.
- Where it is found that the value of the Purchase Order has been incorrectly estimated and additional expenditure will be incurred, the reasons for the increase together with the estimated final value of the Purchase Order must be communicated to and approved by the appropriate Financial Delegate. The Purchase Order value will only be increased after this approval has been given.
- Where the Contract value has been approved with contingency, the contingency amount is NOT to be communicated to the Supplier/Contractor, so as to not generate an expectation that the contingency amount is payable to the Supplier/Contractor.
- Where a Contract exists between Energy Queensland and a Supplier/s, it is the responsibility of the purchaser to ensure the contracted Supplier is utilised. Purchases conducted outside of an established corporate contract with another party may be deemed to be a substantial breach of existing contract and for which Energy Queensland may be liable for compensation to the incumbent Contractor.
- To ensure prompt payment to Contractors, the system receipting process must be completed immediately after confirming goods/services have been satisfactorily received.

The Purchasing Methods for both the Ergon Energy and Energex Ellipse can be found in Appendix A.

## 13. APPROVAL

All expenditure to be incurred on behalf of Energy Queensland whether for capital or operational expenditure must be authorised by a person with the required delegated financial authority. These delegations are available on the Energy Queensland Register of Delegations.

Approvers must ensure that any Purchase Requisition includes the total of the intended commitment to the proposed Contractor per contract, and NOT split the commitment across a number of Purchase Requisitions; for the purpose of bypassing higher financial delegation approval levels.

The self-approval of purchases involving any personal use is strictly prohibited.

It is a substantial breach of Energy Queensland policy for an employee to log-on as another system user for any reason (including approving Purchase Requisitions); refer to Energy Queensland Use of Systems Agreement.

## 14. PAYMENT

Tax Invoices provided by any Contractor that do not include a legitimate system generated Purchase Order Number or Contract Number, will be returned to the Contractor by Accounts Payable (with the exception of authorised non-order payments). The Authorised Non-order

Payment List can be provided by Accounts Payable and includes items such as Council Rates, Staff Reimbursement, Insurances and Liability Claims. Please contact Accounts Payable for non-order payment advice.

All tax invoices from Contractors must be emailed to [accpaybris@energyq.com.au](mailto:accpaybris@energyq.com.au) (Energex Ellipse) or [accounts.payable@ergon.com.au](mailto:accounts.payable@ergon.com.au) (Ergon Ellipse), with the exception of:

- Tax invoices for Contracts where the Contract specifically states in its terms and conditions the requirement for a different payment lodgement and management process.

## 15. CORPORATE CARD USE

The Corporate/Purchasing Card Policy and Business Rules outline the operational requirements for Corporate/Purchasing Card users.

For Ergon Corporate Card holders: Business Rules - MP000607R101 Policy - EP76.

For Energex Purchasing Card holders: Business Rules - Purchasing Card Cardholder Manual; Policy - Payment Policy

These Policies and Business Rules apply to all Energy Queensland authorised Corporate/Purchasing cardholders, authorised approvers, delegated users, delegated approvers and the Corporate Card Team.

The Corporate/Purchasing Card is to be used for payment of low value, high volume transactions, and other business related expenditure where the Corporate/Purchasing Card provides the most appropriate approved method for purchasing.

A number of goods or services are excluded from purchase or payment via the Corporate/Purchasing Card facility. For a comprehensive list of excluded items refer to the relevant Corporate/Purchasing Card Policy Business Rules. (Link will be inserted when new document available)

## 16. TAXATION AND MANAGING ASSETS

Purchasers provided with financial delegation to authorise purchases of goods and services perform a pivotal role in minimising the risk of Energy Queensland failing to comply with its complex taxation and accounting disclosure and compliance requirements.

Failure to comply with these requirements could result in substantial penalties being imposed on Energy Queensland and/or its authorised officers.

Core areas to be aware of include:

- Coding fixed assets acquired by Energy Queensland
- Identifying whether Energy Queensland holds a tax invoice and is therefore entitled to an input credit in respect of GST paid on acquisition of the relevant item or supply (input credits generally reduce the cost of goods or services acquired by Energy Queensland by 1/11th)
- Excluding GST from the purchase price of goods and services
- Ensuring Energy Queensland's compliance with the "no ABN withholding" requirements
- Coding basic supplies that may be acquired that constitute Fringe Benefits.

## 17. RECORDS MANAGEMENT

Public authorities are required to make 'full and accurate records' of their activities in accordance with the Public Records Act 2002. All Quotes, EOI, RFQ, and tender records must be kept in accordance with the Act's retention requirements.

## 18. RIGHT TO INFORMATION

Energy Queensland and its related entities have obligations under the Right to Information Act 2009. Under this legislation Contractors have the right to apply for access to, or copies of information relating to procurement activity. Records must be maintained to comply with these requirements. Any queries should be directed to [righttoinformation@energyq.com.au](mailto:righttoinformation@energyq.com.au).

## 19. INFORMATION PRIVACY

Energy Queensland and its related entities have obligations under the Privacy Act 1988 to protect the “personal information” it holds. “Personal information” is defined in the Privacy Act 1988 to mean information that identifies or could reasonably identify an individual. It is important to note this also applies to Contractors of Energy Queensland. All measures should be taken by SPG and Energy Queensland’s Purchasers to adhere to the guidelines established by the Energy Queensland Company Secretary who should be contacted with any queries [companysecretaryteam@energyq.com.au](mailto:companysecretaryteam@energyq.com.au).

## 20. CONFIDENTIAL INFORMATION AND RING-FENCING

Energy Queensland has a policy for employees to manage Confidential Information (P034).

Energy Queensland has a Ring-Fencing Quick Reference Guide to answer common questions relating to branding, legal separation of contestable services, cost allocation, office separation, information sharing, general discrimination and staff sharing. Additional information and resources can be found on the Ring-Fencing FAQ page.

## 21. QUALITY ASSURANCE REQUIREMENTS

It is Energy Queensland’s policy to procure goods and services from Contractors that demonstrate their ability to supply quality products and services.

Quality Assurance is required for Corporate Contracts, where the Purchaser deems the purchase requires a Supplier have the necessary third party Quality Assurance certification to assist in mitigating specific purchase and contract risk.

## 22. LOCAL INDUSTRY SUPPORT

Energy Queensland is a Government Owned Corporation and as such is committed to complying with the Queensland Procurement Policy and applying the Principals of putting Queenslanders first when securing value for money. This includes seeking out opportunities to support local industry by working with local Suppliers where practicable and prioritising *‘Buy Queensland first’* for food and beverages at events and corporate functions.

Suppliers responding to Energy Queensland tenders may be required to provide a statement on their proposed contribution to advancing the government’s economic, environmental and social objectives for the long-term wellbeing of our community, which will be evaluated as part of the overall tender evaluation process.

## 23. SOCIAL PROCUREMENT

As a Government Owned Corporation, Energy Queensland supports the Queensland Government’s commitment to increasing its procurement spend with genuine, quality social enterprises to generate social benefits, add value to procurement outcomes and support supplier and workforce diversity. Increasing procurement spend with social enterprises can add social, environmental and economic value alongside quality goods and services.

Energy Queensland is committed to ensuring that all procurement practices are compliant with the Disability Discrimination Act 1992 (Cth).

## 24. INAPPROPRIATE PRACTICES

The Energy Queensland Code of Conduct applies when participating in any procurement activity.

The splitting of an order to a Supplier for goods or services for the same project or requirement is not permitted (refer Section 12 – Purchase Order Use).

The seeking of quotes from Suppliers that are known to be non-genuine (i.e. known to be unable to quote or unable to commit to work or supply goods) to avoid a range of genuine competitive offers is not permitted.

## 25. DEPARTURE FROM POLICY/BUSINESS RULES

Energy Queensland's commercial or market constraints may be considered as justification to depart from the Procurement Business Rules. If any of the Procurement Business Rules cannot be applied it is considered to be a Departure

Any departure from policy and/or these business rules will require a satisfactory business case outlining the reasons, which will require approval by:

1. General Manager Strategic Procurement for endorsement; and
2. Relevant Level 1 Manager (EGM) for approval to depart.

Level 1 Manager (EGM) approval to depart from the Sustainable Procurement Policy or these Business Rules does not in any way relieve Energy Queensland from external criticism, complaint and/or potential litigation.

Departures will in most cases not provide Energy Queensland with the ability to properly demonstrate "value for money" procurement. On this basis, it is essential that Energy Queensland limit departures from policy to retain the confidence of stakeholders, markets players and the community in Energy Queensland's management of its procurement function.

Examples include, but not limited to:

- Panel/Prequalification Contract engagement mechanisms are not being followed.
- Selected Supplier preferred where multiple Suppliers are available.

## APPENDIX A

### Ellipse Purchase Order Methods

#### Ergon Ellipse

Method	Description
<b>Goods Order</b>	This order type is used when creating a requisition for materials. When creating the requisition the estimated price entered does not include GST and represents the unit cost for each item purchased.
<b>Service Order</b>	This is a dollar based order and is used when creating a requisition for services. When creating the requisition the estimated price entered does not include GST and represents the full value of the service.
<b>Field Release Order</b>	This is a dollar based order which has no receipting. When creating the requisition the estimated price entered does not include GST and presents the full value of the service. This order type is used for External Resources, such as Labour Hire or when the cost of a service needs to be spread over multiple and varying cost centres or work orders.
<b>Non Order Payment</b>	Refer to Accounts Payable for the Authorised Non-Order Payment List (Quick Reference Guide). The Quick Reference Guide (MP001101R104) is located on the Ergon Beacon website process zone and provides detail regarding the only transactions that can be processed via the Non Order Payment function.
<b>Advanced Contract Module (ACM) Valuations</b>	Valuations are a form of non-order payment facilitated by the Advanced Contract Module (ACM in Ellipse). ACM supports the management and administration of works, service and supply contracts as well as consultant engagements. Refer to the Strategic Procurement Group for use of this module.

#### Energex Ellipse

Method	Description
<b>Goods Order</b>	<p><b>Goods Order Individual Transaction</b> is the preferred purchasing method whenever a quantity can be receipted.</p> <p>To be used:</p> <ul style="list-style-type: none"> <li>for goods or services where payment is by quantity eg. hourly rate, unit rate</li> <li>to provide line item history/information</li> <li>with the APL to establish a link where a contract is in place</li> </ul> <p><b>Goods Order Periodical Payment</b> is the preferred method whenever an expected payment period exists with a supplier and multiple “quantity based” invoices need to be receipted, eg. yearly order for milk supply.</p> <p>To be used:</p> <ul style="list-style-type: none"> <li>for periodical payment arrangements with suppliers</li> <li>where raising orders for individual transactions is not time effective.</li> </ul> <p><b>Note:</b> Should be raised (or increased) to the value expected to be required within the financial year.</p>

# Procurement Business Rules



Method	Description
<b>Service Order</b>	<p><b>Service Order Individual Transaction</b> is the preferred purchasing method whenever quantities cannot be receipted and transactions have to be dollar values eg. provision of photographic services</p> <p>To be used:</p> <ul style="list-style-type: none"> <li>• for dollar value services</li> </ul> <p><b>Service Order Periodical Payment</b> is the Preferred purchasing method whenever an anticipated payment period exists with a supplier and multiple “value based” invoices need to be receipted eg. Engagement of an advertising company for one year.</p> <p>To be used:</p> <ul style="list-style-type: none"> <li>• for periodical payments to suppliers</li> <li>• where raising orders for individual transactions is not time effective.</li> </ul> <p>Note: Should be raised (or increased) to the value expected to be required within the financial year.</p>
<b>Field Release Order</b>	<p>For Field Release Orders, prior approval is required by the General Manager Strategic Procurement Group for the use of this purchase processing method. (Complete <i>Form 1451 - Approval for Field Release Order</i>).</p> <p>To be used:</p> <ul style="list-style-type: none"> <li>• where the costing is spread across a number of work orders or account codes (when unable to embed account codes against a line item) AND</li> <li>• for short duration of work completed (no long term commitment for individual transactions) AND</li> <li>• where there is a low individual cost per transaction (typically up to \$5,000) AND</li> <li>• for high transaction volume</li> </ul> <p><b>Not to be used:</b></p> <ul style="list-style-type: none"> <li>• Where the individual cost per transaction is greater than \$5,000. Raise an individual service/goods order instead of using the field release order.</li> </ul> <p><b>Note:</b> Field release orders should be raised (or increased) to the value expected to be required within the financial year.</p>

Method	Description						
<p><b>Non Order Payment</b></p>	<p>Non-Order payments will be processed by Accounts Payable for transactions that cannot be controlled by a Purchase Order, such as business financial transactions, one time suppliers and consignment stock.</p> <ul style="list-style-type: none"> <li>Business financial transactions are those payments that are made where Energex is not required to demonstrate value for money assessment to purchase in the market place.</li> </ul> <p>By definition they are payments that fall outside the scope of the procurement policy, in that they are not related to the purchase of goods or services, or they are payments which are the legacy of a prior agreement. They fall into the following broad categories:</p> <ol style="list-style-type: none"> <li>Non-discretionary – payments that Energex is required to make where the payment can be made to only one entity. These include taxes, rates, employee deductions, fines, legal settlements, guaranteed service levels (GSLs), insurance claim settlements.</li> <li>Partial Discretionary – payments that Energex can choose not to make. Examples of this type include corporate memberships of associations, donations to charities, and channel payments not under an agreement.</li> <li>Payments under an existing agreement – where Energex has entered an agreement, such as a lease arrangement, a memorandum of understanding or a non-procurement contract, especially where such agreements are long term. Examples of this type include rent, electricity and telephone costs, payments relating to the use of 3<sup>rd</sup> party generators, and payments to channel partners under Metering Dynamics pass-through agreements.</li> </ol> <p>Whilst such agreements would be assessed as providing value for money at the point at which they are entered into, the legacy payments that result are payments for which Energex no longer has any discretion in the market.</p> <ul style="list-style-type: none"> <li>The Ellipse one time supplier process may be used for a supplier when:             <ul style="list-style-type: none"> <li>The supplier is used infrequently throughout the financial year, no more than 4 times, and</li> <li>Each transaction is under \$5,000, and</li> <li>The supplier does not accept the Energex Corporate Card, and</li> <li>The total Energex spend in a financial year is no more than \$20,000,</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>It is a genuine emergency occurrence or event.</li> </ul> </li> </ul> <p>If the criteria are not met, Accounts Payable is to escalate to the Procurement &amp; Supply Group for evaluation around the supplier being set up in the Masterfile.</p> <p><b>Supplier Masterfile Evaluation Matrix</b></p> <table border="1" data-bbox="416 1597 1131 1906"> <tr> <td data-bbox="416 1597 544 1711"></td> <td data-bbox="549 1597 927 1711">Possible set up in Masterfile</td> <td data-bbox="932 1597 1131 1711"></td> </tr> <tr> <td data-bbox="416 1718 544 1832">Used 4 times</td> <td data-bbox="549 1718 927 1832">One time supplier process</td> <td data-bbox="932 1718 1131 1832">Supplier to be set up in the Masterfile</td> </tr> </table> <p style="text-align: center;">\$20K</p> <p>Procurement and Supply Group need to investigate future business needs to determine if a supplier should be set up in the Masterfile when the supplier is used more than 4 times and the total Energex spend is no more than \$20,000 for the financial year.</p>		Possible set up in Masterfile		Used 4 times	One time supplier process	Supplier to be set up in the Masterfile
	Possible set up in Masterfile						
Used 4 times	One time supplier process	Supplier to be set up in the Masterfile					
	<p style="text-align: center;">Page 20 of 21</p> <p style="text-align: right;">Reference R052 Ver 7</p> <p style="text-align: center;">Energy Queensland Limited ABN 96 612 535 583</p>						

- Consignment stock is stock legally owned by one party (supplier), but held by another (Energex). The ownership of consignment stock is passed only when the stock is used (issued). As ownership of stock is not transferred until use, invoicing is not immediate. Receipt of goods into the warehouse occurs prior to the supplier issuing an invoice. The supplier only issues an invoice after Energex has used (issued) the stock.

With the exception of approved non-order or Purchasing Card, Tax Invoices provided by suppliers that do not include a legitimate Ellipse Purchase Order, will be returned to the supplier by Accounts Payable.

Accounts Payable is to hold written authorisation to process non-order payments on behalf of the business. Transactional approval made online (Ellipse) or off-line via *Cheque/EFT Payment Requisition Form 2954* (outside Ellipse)