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Overview

The State Procurement Policy delivers benefits for the Queensland Government, suppliers and the community through a commitment to three equally ranked objectives: advancing priorities of the Government, seeking value for money and probity and accountability of procurement outcomes.

The procurement of goods, services and capital projects can account for between about 20 and 80 per cent of an agency’s total expenditure. The procurement activities of the Queensland Government therefore have significant economic and budgetary implications. The framework established by the State Procurement Policy seeks to maximise the benefits that can be delivered through effective and efficient government procurement.

Benefits of this Policy

For the Queensland Government, the State Procurement Policy is about:

- maximising value for money and reducing the costs of procurement
- linking agency procurement activities and the priorities of the Government
- focusing procurement on outcomes rather than on process
- providing agencies with a procurement framework that offers autonomy, balanced with accountability of procurement decision making
- aligning agency procurement planning with agency strategic and business planning
- encouraging the development of strategic procurement expertise within agencies.

For industry and the community, the State Procurement Policy is about:

- maximising opportunities for Queensland suppliers by:
  - requiring agencies to consider the priorities of Government as part of procurement activities
  - requiring procurement officers to understand the markets in which they buy, and be aware of opportunities for local suppliers and industry
  - communicating anticipated future procurement requirements through Forward Procurement Schedules to assist local suppliers to identify opportunities to supply the Queensland Government
Policy objectives

The Policy has three equally ranking objectives:
• to advance the priorities of the Government
• to achieve value for money
• to ensure probity and accountability for outcomes.

Each agency should use its best endeavours to ensure that competitive local suppliers are given a full, fair and reasonable opportunity to supply the Queensland Government and to deal with suppliers which treat their employees fairly.

Compliance and commencement

Cabinet has mandated this Policy for application to budget sector agencies, Government Owned Corporations, statutory bodies and Special Purpose Vehicles. These entities are collectively referred to as ‘agencies’ within this Policy.

Some clauses, or parts of clauses, may only apply to budget sector agencies, or may apply to other entity types (e.g. Government Owned Corporations, Special Purpose Vehicles or large statutory bodies) in certain circumstances or as a better practice consideration. Where particular clauses apply only to certain entity types, this is specified within the clause in the body of this Policy and is also summarised in Schedule A.

This edition of the Policy contains a new clause 9 entitled Transparent procurement. The requirements in this clause will improve transparency of the Government’s procurement activities and outcomes. The effective implementation of some requirements related to contract disclosure necessitates the development of new systems in agencies. Accordingly, agencies will be required to progressively implement the new provisions from 1 September 2010, with the requirements to be fully operational from 1 July 2011.

Maximising procurement outcomes

The State Procurement Policy encourages agencies to maximise the benefits of their procurement based on an understanding of the nature of what they actually buy, and what they plan to buy. It allows agencies to apply different strategies consistent with the objectives of the Policy to different categories of goods and services. This means that agencies can seek out and capitalise on various opportunities to meet the objectives of this Policy.

Taking advantage of these opportunities requires agencies to:
• apply a ‘value for money’ definition which includes the contribution of the procurement to advancing priorities of the Government
• systematically plan their procurement to achieve the objectives of the Policy
• understand the nature of their procurement and the key markets from which they buy as a basis for identifying opportunities to advance the priorities of the Government
• be accountable for the outcomes of their procurement and maintain transparent decision making processes.
Guide to documentation

The State Procurement Policy and associated documentation consists of:

- the Policy statement
- foundation concepts that explain the Policy objectives and an operational concept that outlines how to apply the sustainable procurement requirements of this Policy
- procurement guidance that assists agencies and suppliers to understand government procurement practices.

The State Procurement Policy requires agencies to establish and maintain procurement procedures which outline their procurement systems and practices consistent with this Policy.

Other relevant policies

While the State Procurement Policy is the overarching policy for Government procurement, there are related policies and frameworks with which officers dealing with specific types of procurement such as building construction and maintenance, civil construction and information technology and telecommunications should be familiar. These include the:

- Capital Works Management Framework, Maintenance Management Framework, Quality Assurance Policy, Information and Communication Technology (ICT) Purchasing Framework, including the Government Information Technology Contracting Framework (administered by the Department of Public Works)
- Local Industry Policy (administered by the Department of Employment, Economic Development and Innovation)
- ICT SME Participation Scheme (jointly administered by the Department of Public Works and the Department of Employment, Economic Development and Innovation)
- Project Assurance Framework (administered by the Department of Infrastructure and Planning).

Assistance with the Policy

The Queensland Government Chief Procurement Office provides a range of assistance for the implementation of the State Procurement Policy including:

- advice on the application of the Policy and associated guidance
- assistance with procurement profiling and supply positioning
- procurement capability and performance assessments to assist agencies to identify areas of improvement in procurement
- procurement education and training programs
- a procurement certification system that helps agencies to ensure that officers involved in procurement have the appropriate skills
- seminars on key aspects of the Policy for officers involved in procurement
1 Application and commencement

This Policy takes effect from 1 September 2010 and replaces the Queensland Government State Procurement Policy released in 2008.

Cabinet has mandated the application of this Policy to budget sector agencies, Government Owned Corporations, statutory bodies and Special Purpose Vehicles as defined in clause 16 Definitions. These entities are collectively referred to as ‘agencies’ within this Policy.

Some clauses or parts of clauses may only apply to budget sector agencies, or may apply to other entity types listed above in certain circumstances or as a better practice consideration. Where particular clauses apply only to certain entity types, this is specified within the clause in the body of this Policy, and is also summarised in Schedule A.

The Financial and Performance Management Standard 2009 also refers to this Policy.

Agency compliance with this Policy may be subject to audit by the Queensland Audit Office.

2 Policy intent

2.1 Statement of intent

Agencies must seek to use their procurement to advance the priorities of the Government while achieving value for money with probity and accountability. In doing so, each agency should use its best endeavours to:

- ensure that competitive local suppliers that comply with relevant legislation are given a full, fair and reasonable opportunity to supply the Queensland Government
- deal with suppliers which treat their employees fairly.

3 Objectives

3.1 Statement of objectives

The objectives of the State Procurement Policy are to:

- advance the priorities of the Government
- achieve value for money
- ensure probity and accountability for outcomes.
3.2 Priorities of the Government
Each agency must seek to advance priorities of the Queensland Government. These priorities define the Government’s commitment to advance, through its procurement, certain social, economic and environmental objectives. The priorities of the Government are set out in Schedule B.

Refer also Foundation Concept 1: Advancing priorities of the Government.

3.3 Value for money
Each agency must seek to obtain best value for money in its procurement. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:
- contribution to the advancement of priorities of the Government
- non-cost factors such as fitness for purpose, quality, service and support, and sustainability considerations
- cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

Refer also Foundation Concept 2: Value for money.

3.4 Probity and accountability for outcomes
An agency must conduct its procurement activities in a transparent manner which demonstrates probity and accountability. Each agency is to ensure that its procurement is carried out in accordance with such obligations as may be placed upon it by the:
- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Public Sector Ethics Act 1994
- such other legislative or Government policy obligations which may apply to the procurement activities of the agency.

Refer also Foundation Concept 3: Probity and accountability for outcomes.

4 Governance

4.1 Governance of the procurement function
This Policy establishes governance structures for procurement at the whole-of-government and agency levels.

Leadership for Queensland Government procurement will be discharged through the Queensland Government Chief Procurement Office, Department of Public Works and the Procurement Board of Management. The Policy promotes collaboration and consultation through mechanisms including the Procurement Board of Management and the Procurement Council.

The Policy reinforces the obligations of accountable officers to manage their agencies efficiently, effectively and economically, and to be accountable for public resources.

4.2 Agency Procurement Procedures
The accountable officer must issue Agency Procurement Procedures consistent with this Policy which guide officers concerning procurement systems and practices within the agency.

5 Procurement planning and performance

5.1 Procurement planning
An important preliminary part of the deliberative process of achieving the objectives of this Policy is procurement planning. Procurement planning facilitates a structured and considered approach to the management of procurement activities.

Procurement planning must be based on an analysis of the agency’s purchasing patterns and supply markets. Agencies should use this analysis in an effort to identify possible opportunities for local suppliers.

Planning must be undertaken at both the corporate level and in relation to significant individual procurement projects or aggregated categories of expenditure classed as significant procurement.
5.1.2 Corporate Procurement Plans

Every agency must prepare a Corporate Procurement Plan which links the agency’s procurement to its strategic plan and covers the same period as the agency’s strategic plan. This plan must be approved by the agency’s accountable officer, and reviewed annually.

Corporate Procurement Plans set out:

- the objectives to be achieved through the agency’s procurement activities consistent with the objectives of this Policy
- how the agency will meet its specified objectives
- mechanisms through which the achievement of the agency’s procurement objectives will be measured.

As a minimum, the Corporate Procurement Plan must contain a balance of strategic and operational information in relation to the following areas:

- procurement objectives
- the procurement profile of the agency
- procurement systems, processes and practices, including management and resourcing arrangements for the procurement function
- procurement strategies that will achieve the stated procurement objectives
- procurement measures, targets, and annual comparisons against targets.

Procurement strategies must address, among other things, the skills development of procurement personnel and other staff involved in procurement. They must also cover how the agency will maintain sufficient capability to properly manage its procurement operations, including scope of authority and the roles of agency personnel involved in procurement.

In addition to the above requirements, budget sector agencies must:

- prepare the Corporate Procurement Plan in accordance with the methodology prescribed by the Queensland Government Chief Procurement Officer. The methodology will address the expected depth of analysis across the factors influencing procurement effectiveness and efficiency, and incorporate relevant Policy requirements set out in this clause
- provide Corporate Procurement Plans which have been approved by the accountable officer, to the Queensland Government Chief Procurement Office by 30 June each year.

All agencies must make draft Corporate Procurement Plans available to the Department of Employment, Economic Development and Innovation upon request.

5.1.3 Significant Procurement Plans

Every agency must prepare Significant Procurement Plans for approval by the accountable officer or delegate, when procuring goods, services and capital projects that have been identified by the agency as being high expenditure and/or for which there is a high degree of business risk. Significant procurements can be significant single, one-off procurements or a number of smaller projects in a category of like goods and/or services which when combined, are considered significant. Agencies should not over aggregate goods and services to minimise the number of Significant Procurement Plans to be prepared.

As a minimum, these Plans must:

- establish the objectives to be achieved from the procurement
- specify how the procurement supports the achievement of agency procurement objectives
- analyse demand for the procurement
- analyse the supply market relevant to the area of procurement and the likely impact the procurement will have on the market
- evaluate potential supply strategies and identify the preferred strategy to be followed
- specify measures for the evaluation of the implementation of the supply strategy.

Significant procurement plans should also demonstrate that agencies have considered opportunities for participation by competitive local suppliers.

Agencies must document each element of the significant procurement planning process. This includes stating reasons for limiting the scope of, or not undertaking, certain elements of the process (for example, in emergency procurement situations).

The Department of Employment, Economic Development and Innovation may consult with agencies in relation to the development of certain Significant Procurement Plans.
5.2 Procurement measurement

The regular measurement of procurement activities and analysis of results provides the Government and its agencies with high quality procurement information to improve decision making, and enables an assessment to be made about the progress towards meeting the objectives of the State Procurement Policy.

Accordingly, this Policy requires agencies to establish and maintain a framework for procurement measurement and reporting. Each agency’s Corporate Procurement Plan must contain a section on measurement, which contains procurement measures and targets and an annual comparison of actual results against targets.

Each year, budget sector agencies must adopt and report on certain whole-of-government measures as prescribed by the Queensland Government Chief Procurement Officer.

The Queensland Government Chief Procurement Officer may seek procurement measurement information from Government Owned Corporations each year, through shareholding ministers.

5.3 Procurement assessment

Assessments of procurement capability and performance facilitate improvements in procurement outcomes, including achieving better value for money.

Each budget sector agency must ensure that:

- an assessment of its procurement capability and performance is undertaken at least once every three years
- the first review is undertaken in cooperation with the Queensland Government Chief Procurement Office, using the procurement assessment tool provided by the Office
- subsequent reviews are undertaken either in co-operation with the Queensland Government Chief Procurement Office, or with a suitably qualified external provider approved by the Queensland Government Chief Procurement Officer

- information is provided to the Queensland Government Chief Procurement Office in relation to procurement assessments as requested
- any requests concerning procurement capacity and capability improvement initiatives made by the Director-General, Department of Public Works acting on the recommendation of the Procurement Board of Management, are implemented.

As part of a commitment to continuous improvement and better practice, Government Owned Corporations, statutory bodies and Special Purpose Vehicles should consider implementing periodic independent assessments of procurement capability and performance.

6 Sustainable procurement

The Queensland Government is committed to protecting the environment and doing business with ethical and socially responsible suppliers. Agencies must integrate the practice of sustainability into the procurement of goods, services and construction.

Budget sector agencies should seek to progressively increase the proportion of their procurement expenditure on goods, services and construction that demonstrate improved sustainability outcomes from year to year. To achieve this, budget sector agencies must:

- demonstrate that sustainability considerations related to each significant procurement have been addressed during the significant procurement planning process. This includes the establishment of new, or renewal of existing, standing offer arrangements where these are also significant procurements.
- include sustainable procurement strategies and targets in the Corporate Procurement Plan and report annually on progress against targets in the plan. Requirements with respect to setting, measuring and reporting on sustainable procurement targets are outlined in the Operational Concept. The selection of targets should align with the agency’s strategic and operational procurement objectives.
- comply with certain product based targets as mandated by the Queensland Government Chief Procurement Officer.
As part of a commitment to continuous improvement and better practice, Government Owned Corporations, statutory bodies and Special Purpose Vehicles should seek to progressively increase the proportion of their procurement expenditure on goods, services and construction that demonstrate improved sustainability outcomes, from year to year. To achieve this Government Owned Corporations, statutory bodies and Special Purpose Vehicles should consider setting, measuring and reporting on sustainable procurement targets. The selection of targets should align with their strategic and operational procurement objectives.

Refer also Operational Concept: Sustainable procurement.

7 Regional development and employment

Each agency must devolve to the lowest practicable geographical level, procurement decision making and associated budgets for goods and services that the agency assesses are low expenditure and for which there is a low degree of business risk.

Agencies may also devolve procurement decision making and associated budgets for goods and services that are not in this category.

Agencies should consider government policies concerning regional and industry development, employment and training that impact on government procurement.

8 Consistency with other obligations

This Policy is to be construed as subject to and limited by other legislation, policy and agreements including but not limited to the following:

- *Australia New Zealand Government Procurement Agreement (ANZGPA)*
- *Chapter 15: Government Procurement, of the Australia-United States Free Trade Agreement (AUSFTA)*
- *Chapter 15: Government Procurement, of the Australia-Chile Free Trade Agreement (ACFTA)*

All agencies must comply with the ANZGPA. Schedule C of this Policy sets out the circumstances in which agencies listed within the Schedule must comply with the Government Procurement chapter of the AUSFTA and ACFTA.

Where an agency’s procurement is in breach of applicable international trade agreement obligations, the Director-General, Department of Public Works may require agencies to terminate or suspend the non-compliant procurement process, following consultation with the Director-General, Department of the Premier and Cabinet and the Australian Department of Foreign Affairs and Trade.

Other policies relevant to government procurement are set out in Schedule D.

8.1 Small and medium enterprise preferences

The Government Procurement chapter of the AUSFTA or ACFTA does not apply to any form of preference to small and medium enterprises (SMEs). A procurement decision which aims to give preference or make set-asides to SMEs in the context of the AUSFTA or ACFTA, must be documented in a Significant Procurement Plan.

9 Transparent procurement

9.1 Promote access to government procurement opportunities

Agencies must promote access to government procurement opportunities by publishing and maintaining the following information on the Queensland Government Chief Procurement Office’s eTender website:

- a Forward Procurement Schedule, outlining anticipated significant procurements. The schedule should cover, at a minimum, each upcoming financial year or beyond where possible.
- all open invitation opportunities.

Agencies should use open offer processes where possible. Limited and selective offer processes may be used where the Significant Procurement Plan demonstrates that this is the appropriate strategy. Limited and selective offer processes must not be used for the purposes of avoiding competition.
9.2 Disclosure of procurement results
Affected agencies must publish basic details of all awarded contracts and standing offer arrangements, where the value of the contract or arrangement over its initial term (excluding extensions) is $100,000 and over (to be reduced to $10,000 and over effective 1 July 2011), on the Queensland Government Chief Procurement Office’s eTender website, within 60 days of contract date. Details to be published include:
- the name and address of the procuring agency
- a description of the goods or services procured
- the date of award or contract date
- the value of the contract or standing offer arrangement
- the name and address of the successful supplier
- the procurement method used.

From 1 July 2011, affected agencies must also publish additional contract details as specified in Schedule E, for contracts and standing offer arrangements with a value of $10 million and over. The additional contract details must be published on the Queensland Government Chief Procurement Office’s eTender website within 60 days of contract date.

9.3 Integrity of procurement decisions
Agencies must ensure that processes and procedures are in place to ensure the integrity of the procurement decision making process. All stages of the procurement decision making process from planning to award, should be defensible and documented.

Affected agencies must engage independent probity auditors or advisors for high risk procurement of:
- goods and services procurement with a value of $10 million and over
- construction procurement with a value of $100 million and over.

This does not prevent agencies from engaging probity auditors or advisors for high risk procurement below these thresholds.

10 Intra-governmental procurement activities
This Policy preserves the right of each agency to deal directly with competitively neutral commercialised business units of their own agency or other agencies that are acting for the Crown in the same right of the State of Queensland.

11 Common use supply arrangements
To promote improved procurement outcomes and cross agency collaboration for significant expenditure categories across Government, budget sector agencies must use common use supply arrangements managed by the Queensland Government Chief Procurement Office or a lead agency approved by the Office.

Common use supply arrangements will be developed for certain expenditure categories:
- common to all budget sector agencies (whole-of-Government supply arrangements)
- which are not whole-of-Government but are common to two or more agencies (lead agency supply arrangements).

Where a potential lead agency supply arrangement is identified, the relevant agencies must act in partnership. The Queensland Government Chief Procurement Officer will identify a lead agency to consolidate and/or transition requirements under a single supply arrangement as soon as practicable. The lead agency may be the Queensland Government Chief Procurement Office or another agency. Where the lead agency is not the Queensland Government Chief Procurement Office, agreements will be formed between the Office and the lead agency in terms of respective responsibilities and accountabilities for each relevant expenditure category.
A Significant Procurement Plan must be prepared for each common use supply arrangement. For whole-of-Government supply arrangements, the Plan will be prepared by the Queensland Government Chief Procurement Office. For lead agency supply arrangements, the responsible lead agency will prepare the Significant Procurement Plan.

During the development of each Significant Procurement Plan, consideration will be given to the requirements of buying agencies and market characteristics, and opportunities for competitive regional suppliers.

The Procurement Board of Management will be briefed with respect to the anticipated benefits and outcomes for each proposed common use supply arrangement and budget sector agencies will be consulted during the development of these arrangements.

The Director-General, Department of Public Works, may, on a case by case basis, exempt budget sector agencies or parts of agencies from participating in certain common use supply arrangements.

**12 Queensland Contracts Directory**

The Queensland Government Chief Procurement Office will host a central directory of standing offer arrangements on behalf of budget sector agencies. Budget sector agencies are required to ensure that details of existing and new standing offer arrangements are entered into the Queensland Contracts Directory and regularly maintained by the responsible agency.

**13 Government terms and conditions**

Budget sector agencies must use the standard terms and conditions for the provision of goods and services (excluding construction) published by the Queensland Government Chief Procurement Office. Budget sector agencies may vary the standard terms and conditions in the Invitation to Offer document where necessary, however a schedule of these variations must be submitted to the Queensland Government Chief Procurement Office every six months, or as requested by the Office. The Queensland Government Chief Procurement Office will be responsible for updating the standard terms and conditions at least annually.

Budget sector agencies and statutory bodies must use the Government Information Technology Contracting Framework when procuring information and communication technology goods and services.

**14 Complaints about procurement activities**

Agencies must develop and maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or members of the community about the conduct of agency procurement activities.

In the first instance, complaints about the conduct of procurement activities must be referred to the agency concerned.

When it is not possible to resolve a complaint with the agency concerned, the complainant may seek the assistance of the Queensland Government Chief Procurement Office. The Queensland Government Chief Procurement Office can help to resolve the complaint by facilitating open communication between the parties. The Queensland Government Chief Procurement Office cannot override legally binding contracts.

External independent review of a procurement complaint is available through the Queensland Ombudsman. The Queensland Ombudsman can investigate the administrative actions of agencies and make recommendations to the agency for rectification.

Allegations of official misconduct in relation to procurement must be referred to the Crime and Misconduct Commission as required by the *Crime and Misconduct Act 2001*.

Where applicable, Australian Government organisations may also deal with complaints about procurement:

- Australian Competition and Consumer Commission, regarding contraventions of the *Trade Practices Act 1974* (Cth)
- Australian Securities and Investments Commission, regarding contraventions of the *Corporations Act 2001* (Cth).
15 Roles and responsibilities

15.1 Ministerial responsibility
The Minister for Public Works and Information and Communication Technology is the Minister responsible for the State Procurement Policy.

The Treasurer and Minister for Employment and Economic Development has responsibility for business, industry and regional development issues relevant to this Policy.

15.2 Director-General, Department of Public Works
The Director-General, Department of Public Works sets whole-of-Government strategic directions and implementation strategies for procurement. This includes:
- acting on recommendations made by the Procurement Board of Management to require budget sector agencies to undertake procurement capacity and capability improvement initiatives
- exempting budget sector agencies or parts of agencies from participating in certain common use supply arrangements
- in consultation with the Department of the Premier and Cabinet and the Australian Department of Foreign Affairs and Trade, requiring agencies to suspend or terminate procurements which are non-compliant with international trade obligations.

15.3 Procurement Board of Management
The Procurement Board of Management:
- provides leadership in respect of the management of strategic procurement and logistics functions across the Queensland Government
- assists the Director-General, Department of Public Works by making recommendations on significant decisions relating to procurement.

15.4 Queensland Government Chief Procurement Office
The Queensland Government Chief Procurement Office, led by the Queensland Government Chief Procurement Officer, is responsible for managing the Queensland Government’s procurement framework. This includes facilitating more efficient, effective and accountable Queensland Government procurement, which contributes to the priorities of Government.

The Office's role includes:
- developing procurement policy and guidance, monitoring its application and evaluating the impact of the Policy
- leading procurement planning, measurement, capability and performance improvement initiatives across government
- developing and implementing a recognised system of procurement capability and performance assessment for budget sector agencies
- business leadership for e-procurement and procurement business systems
- developing and implementing common use supply strategies
- managing arrangements for disposal of government assets
- providing support and advice to the Procurement Board of Management and providing leadership to the Procurement Council
- preparing an annual report on Queensland Government procurement, including the sector’s capability and performance, for endorsement by the Procurement Board of Management to Cabinet through the Minister for Public Works and Information and Communication Technology
- managing a procurement training and certification regime
- providing advice on the application of the Policy.

15.5 Procurement Council
The Procurement Council provides advice and support to the Queensland Government Chief Procurement Office in the development and implementation of whole-of-Government procurement and logistics strategies and initiatives.

15.6 Department of Employment, Economic Development and Innovation
The Department of Employment, Economic Development and Innovation is responsible for business, industry and regional development issues. The Department may, as it deems necessary:
- comment on draft agency Corporate Procurement Plans
- consult with agencies during the development of certain Significant Procurement Plans.
15.7 Agency roles and responsibilities
Accountable officers are responsible for ensuring that procurement activities are managed in accordance with this Policy. For procurement, this means that accountable officers must ensure:

- compliance by their agencies with the State Procurement Policy, and other relevant legislation, policies, and agreements
- the good governance of the procurement function, as demonstrated by an established procurement planning regime which supports agency strategic and operational goals; an appropriately structured procurement function; clear management standards embodied in delegations, policies and processes; and appropriate control, monitoring and reporting frameworks
- that the agency's procurement capability is commensurate with the value and risk of the agency's procurement
- that processes are in place to review procurement structures as required, to ensure that an appropriate level of senior leadership is in place to manage and drive reform of the agency's procurement
- that agency staff have proper access to procurement training and development activities
- that agency procedures and documentation result in procurement which is transparent and accountable, and able to withstand external scrutiny
- a commitment to continuous improvement, as demonstrated for example by innovative practices, and the regular measurement and review of procurement.

Accountable officers must address issues raised by the Queensland Government Chief Procurement Officer concerning procurement plans, procurement measurement and reporting requirements, procurement capability and performance assessments, and common use supply arrangements.

To assist the Queensland Government Chief Procurement Office in discharging its role, accountable officers must provide information and assistance in relation to agency procurement, as requested by the Queensland Government Chief Procurement Officer.

Schedule A provides a summary of key obligations conferred on agencies by this Policy.

15.8 Shared service arrangements
This section applies to those agencies which participate in the Queensland Government Shared Services Initiative.

The accountable officers of client agencies are accountable for procurement outcomes delivered on their behalf by Shared Service Providers. This includes decision making and control responsibility in relation to agreed outcomes. Client agencies must retain a strategic and tactical capability with regard to procurement.

Shared service agreements must be taken into account in the preparation of Corporate Procurement Plans. This process should inform client agency negotiations with Shared Service Providers, to ensure that operating level agreements clearly articulate the expectations, roles and responsibilities of both parties to the agreement.

Client agencies and Shared Service Providers must cooperate to facilitate optimum procurement outcomes.

16 Definitions
In this Policy:

"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 Chief Executive Officers of Government Owned Corporations, statutory bodies and Special Purpose Vehicles.

"affected agency" means, for the purposes of clause 9 of this Policy, agencies including budget sector agencies, Government Owned Corporations (to the extent the Corporation is covered by the Right to Information Act 2009), 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
- any Government Owned Corporation and its subsidiaries where the shareholding ministers have given notification pursuant to s.114 of the...
Government Owned Corporations Act 1993 as listed in Schedule F as published by the Queensland Government Chief Procurement Office

- Special Purpose Vehicles as established from 1 July 2010 and existing Special Purpose Vehicles which are required to comply with the State Procurement Policy by their respective constitutions.

“budget sector agency” includes departments and those agencies listed in Schedule G.

“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.

“goods and services” include all property except for real property and all types of services including building and construction services.

“large statutory body” means a statutory body where the following criteria apply:
- net operating result in excess of $2 million or
- net assets in excess of $25 million.

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

“priorities of the Government” mean the priorities of the Government of the day contained in Schedule B and includes any changes as published in Schedule B by the Queensland Government Chief Procurement Office.

“other policies relevant to Government procurement” means Government policies relating to procurement as may be determined by Cabinet and includes any changes as published in Schedule D by the Queensland Government Chief Procurement Office.

“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.

“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.

“set-asides” include any form of preference, such as the exclusive right to provide a good or service and price preferences.

“small and medium enterprise” means an Australian or New Zealand firm with less than 200 full time equivalent employees.

“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.
### Schedule A – Summary of key Policy obligations

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<td>Comply with the State Procurement Policy</td>
<td>1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Policy intent</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Use best endeavours to ensure that competitive local suppliers that comply with relevant legislation are given full, fair and reasonable opportunity to supply the Queensland Government</td>
<td>2.1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Use best endeavours to deal with suppliers which treat their employees fairly</td>
<td>2.1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td></td>
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</tr>
<tr>
<td>Advance priorities of the Government through procurement activities</td>
<td>3.2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Obtain value for money in procurement</td>
<td>3.3</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Conduct procurement activities with probity and accountability</td>
<td>3.4</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
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</tr>
<tr>
<td>Issue agency procurement procedures consistent with this Policy</td>
<td>4.2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Procurement planning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare a Corporate Procurement Plan for approval by the accountable officer and review annually</td>
<td>5.1.2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Prepare the Corporate Procurement Plan in accordance with the methodology issued by the Queensland Government Chief Procurement Officer</td>
<td>5.1.2</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide a copy of the Corporate Procurement Plan approved by the accountable officer to the Queensland Government Chief Procurement Officer by 30 June each year</td>
<td>5.1.2</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide draft Corporate Procurement Plans to the Department of Employment, Economic Development and Innovation upon request</td>
<td>5.1.2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>State Procurement Policy requirement</td>
<td>Clause</td>
<td>Budget sector agencies</td>
<td>Government Owned Corporations</td>
<td>Statutory bodies</td>
<td>Special Purpose Vehicles</td>
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<td>--------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Prepare Significant Procurement Plans for high expenditure and/or high business risk procedures for approval of the accountable officer or delegate</td>
<td>5-1.3</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Demonstrate in the Significant Procurement Plan, that consideration has been given to opportunities for participation by local suppliers</td>
<td>5-1.3</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Procurement measurement</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Ensure that a framework for procurement measurement and reporting is in place</td>
<td>5.2</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Corporate Procurement Plan to include a section on procurement measurement, which contains procurement measures and targets and an annual comparison of actual results against targets</td>
<td>5.2</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Adopt and report on whole-of-Government measures as prescribed by the Queensland Government Chief Procurement Officer</td>
<td>5.2</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide measurement information, if requested by the Queensland Government Chief Procurement Officer through shareholding ministers</td>
<td>5.2</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Procurement assessment</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Undertake a procurement capability and performance assessment every three years</td>
<td>5.3</td>
<td>✔</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Use a procurement capability and performance assessment tool developed by the Queensland Government Chief Procurement Office for the first assessment</td>
<td>5.3</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undertake subsequent assessments in co-operation with the Queensland Government Chief Procurement Office or with a suitably qualified external provider approved by the Queensland Government Chief Procurement Office</td>
<td>5.3</td>
<td>✔</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Provide information to the Queensland Government Chief Procurement Office on assessments as required</td>
<td>5.3</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement requests of the Director-General, Department of Public Works, concerning procurement capacity and capability improvement initiatives</td>
<td>5.3</td>
<td>✔</td>
<td></td>
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</tr>
<tr>
<td>State Procurement Policy requirement</td>
<td>Clause</td>
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<td>Government Owned Corporations</td>
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</tr>
<tr>
<td>As part of a commitment to continuous improvement and better practice, consider implementing periodic assessments of procurement capability and performance</td>
<td>5.3</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Sustainable procurement</strong></td>
<td></td>
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</tr>
<tr>
<td>Integrate the practice of sustainability into the procurement of goods, services and construction</td>
<td>6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Require sustainable procurement considerations to be integrated into significant procurement planning processes</td>
<td>6</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Include sustainable procurement strategies and targets in the Corporate Procurement Plan and report annually on progress against targets in the plan</td>
<td>6</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comply with product based targets mandated by the Queensland Government Chief Procurement Officer</td>
<td>6</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As part of a commitment to better practice, seek to increase the proportion of procurement expenditure on goods, services and construction that demonstrate improved sustainability outcomes, and consider setting, measuring and reporting against sustainable procurement targets</td>
<td>6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Set sustainable procurement targets across three significant procurement expenditure areas, and identify the level of benefits that will be secured as a result</td>
<td>Oper. concept</td>
<td>✓</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Regional development and employment</strong></td>
<td></td>
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</tr>
<tr>
<td>Devolve to the lowest practicable geographical level, procurement decision making and associated budgets for low expenditure and/or low business risk items</td>
<td>7</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Consistency with other obligations</strong></td>
<td></td>
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</tr>
<tr>
<td>Comply with the Australia New Zealand Government Procurement Agreement</td>
<td>8</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Comply with the Government Procurement chapter of the Australia-United States Free Trade Agreement (AUSFTA) and Australia-Chile Free Trade Agreement (ACFTA)</td>
<td>8</td>
<td>✓</td>
<td>covered procurements only</td>
<td>covered procurements only</td>
<td>✓</td>
</tr>
<tr>
<td>State Procurement Policy requirement</td>
<td>Clause</td>
<td>Budget sector agencies</td>
<td>Government Owned Corporations</td>
<td>Statutory bodies</td>
<td>Special Purpose Vehicles</td>
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</tr>
<tr>
<td>Document procurement decisions which give preference to small and medium enterprises, in the context of the Government Procurement chapter of the AUSFTA and ACFTA</td>
<td>8.1</td>
<td>covered procurements only</td>
<td>covered procurements only</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transparent procurement</strong></td>
<td></td>
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</tr>
<tr>
<td>Publish and maintain a forward procurement schedule on the Queensland Government Chief Procurement Office website (eTender)</td>
<td>9.1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Publish and maintain all open invitations to offer on the Queensland Government Chief Procurement Office website (eTender)</td>
<td>9.1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Open approaches to the market are to be used except where there is demonstrated justification in the significant procurement plan, for the use of selective or limited approaches</td>
<td>9.1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Publish basic details of all awarded contracts and standing offer arrangements with a value of $100,000 and over (reducing to $10,000 from 1 July 2011) on the Queensland Government Chief Procurement Office’s eTender website, within 60 days of contract award</td>
<td>9.2</td>
<td>✓</td>
<td>As per coverage of the RTI Act</td>
<td>Large statutory bodies only</td>
<td>✓</td>
</tr>
<tr>
<td>Publish additional contract details for all awarded contracts with a value of $10 million and over on the Queensland Government Chief Procurement Office’s eTender website, within 60 days of contract award (from 1 July 2011).</td>
<td>9.2</td>
<td>✓</td>
<td>As per coverage of the RTI Act</td>
<td>Large statutory bodies only</td>
<td>✓</td>
</tr>
<tr>
<td>All stages of the procurement decision making process from planning to contract award, are to be defensible and documented</td>
<td>9.3</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Engage a probity auditor or advisor for:</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- goods and services procurements above $10 million which are classified as high risk</td>
<td>9.3</td>
<td>✓</td>
<td>As per coverage of the RTI Act</td>
<td>Large statutory bodies only</td>
<td>✓</td>
</tr>
<tr>
<td>- construction procurements above $100 million which are classified as high risk</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>State Procurement Policy requirement</td>
<td>Clause</td>
<td>Budget sector agencies</td>
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<td>Special Purpose Vehicles</td>
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<tr>
<td>Common use supply arrangements</td>
<td></td>
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<tr>
<td>Use common use supply arrangements managed by the Queensland Government Chief Procurement Office or approved lead agencies</td>
<td>11</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Queensland Contracts Directory</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Update and maintain the Queensland Contracts Directory</td>
<td>12</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government standards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use standard terms and conditions for procurement of goods and services</td>
<td>13</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use Government Information Technology Contracting for ICT procurement</td>
<td>13</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Complaint processes</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Develop and maintain a procurement complaints management system</td>
<td>14</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Roles and responsibilities</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Take into account impacts on procurement arising from shared service arrangements when preparing Corporate Procurement Plans</td>
<td>15.8</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>Where applicable</td>
</tr>
<tr>
<td>Client agencies retain a strategic and tactical capability with regard to procurement</td>
<td>15.8</td>
<td>✓</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Clearly articulate expectations, roles and responsibilities of each of the parties to operating level agreements</td>
<td>15.8</td>
<td>✓</td>
<td></td>
<td></td>
<td>Where applicable</td>
</tr>
</tbody>
</table>
Schedule B – Priorities of the Government

The Queensland Government has framed its 2020 vision for Queensland around five ambitions that address current and future challenges. Targets have been set for each ambition.

Strong – Creating a diverse economy powered by bright ideas
1. Queensland is Australia’s strongest economy, with infrastructure that anticipates growth
2. 50 per cent increase in the proportion of Queensland businesses that undertake research and development or innovation

Green – Protecting our lifestyle and environment
1. Cut by one-third Queenslanders’ carbon footprint with reduced car and electricity use
2. Protect 50 per cent more land for nature conservation and public recreation

Smart – Delivering world-class education and training
1. All children will have access to a quality early childhood education so they are ready for school
2. Three out of four Queenslanders will hold trade, training or tertiary qualifications

Healthy – Making Queenslanders Australia’s healthiest people
1. Shortest public hospital waiting times in Australia
2. Cut obesity, smoking, heavy drinking and unsafe sun exposure by one third

Fair – Supporting safe and caring communities
1. Halve the proportion of Queensland children living in a household without a working parent
2. Increase by 50 per cent the proportion of Queenslanders involved in their communities as volunteers

Schedule C – Circumstances in which the Government Procurement chapter of the AUSFTA and ACFTA applies

This schedule is updated periodically following review of free trade agreement coverage by the Australian Government and trading partners in consultation with the States. For the latest list of nominated agencies and thresholds refer to www.qgcpo.qld.gov.au

Criteria 1, 2 and 3 below must all apply for the procurement to be subject to the requirements of the Government Procurement chapter of the Australia-United States Free Trade Agreement, and the Australia-Chile Free Trade Agreement.

1. Agency is nominated in the following list (Annex 15A):

   **Attorney-General and Justice Portfolio**
   - Department of Justice and Attorney-General
   - Public Trust Office
   - Office of Fair Trading

   **Child Safety and Women Portfolio**
   - Department of Child Safety
   - Office for Women

   **Communities, Disability Services, Aboriginal and Torres Strait Islander Partnerships, Seniors and Youth Portfolio**
   - Department of Communities
   - Disability Services Queensland

   **Deputy Premier, Infrastructure and Planning Portfolio**
   - Department of Infrastructure and Planning

   **Emergency Services Portfolio**
   - Department of Emergency Services
   - Queensland Ambulance Service
   - Queensland Fire and Rescue Service

   **Sustainability, Climate Change and Innovation Portfolio**
   - Environmental Protection Agency
   - Queensland Parks and Wildlife Service

   **Natural Resources and Water Portfolio**
   - Department of Natural Resources and Water

   **Mines and Energy Portfolio**
   - Department of Mines and Energy

   **Police, Corrective Services and Sport Portfolio**
   - Queensland Police Service
   - Queensland Corrective Services

   **Premier Portfolio**
   - Department of the Premier and Cabinet
   - Office of the Queensland Parliamentary Counsel
   - Office of the Public Service Commissioner

   **Primary Industries and Fisheries Portfolio**
   - Department of Primary Industries and Fisheries

   **Public Works, Housing and Information and Communication Technology Portfolio**
   - Department of Public Works
   - Department of Housing

   **Tourism, Regional Development and Industry Portfolio**
   - Department of Tourism, Regional Development and Industry
2. The intended procurement exceeds thresholds established within the Government Procurement chapter of the AUSFTA and ACFTA:

For goods and services: A$675,000
For construction services: A$9,514,000
3. The intended procurement is not subject to exclusions or exceptions listed in the Government Procurement Chapter or its annexure, within the AUSFTA and ACFTA:

<table>
<thead>
<tr>
<th>Excluded from the agreement (Article 15.1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Non-contractual agreements or any form of assistance that a Party or a government enterprise provides, including grants, loans, equity infusions, fiscal incentives, subsidies, guarantees, cooperative agreements, and sponsorship arrangements</td>
</tr>
<tr>
<td>• Procurement of goods and services by a Party from its own entities and provision of goods or services by or between a procuring entity of a Party and a regional or local government of that Party</td>
</tr>
<tr>
<td>• Purchases funded by international grants, loans, or other assistance, where the provision of such assistance is subject to conditions inconsistent with Chapter 15</td>
</tr>
<tr>
<td>• Purchases funded by grants and sponsorship payments from persons not listed in Annex 15-A</td>
</tr>
<tr>
<td>• Procurement for the direct purpose of providing foreign assistance</td>
</tr>
<tr>
<td>• Procurement of research and development services</td>
</tr>
<tr>
<td>• Procurement of goods and services (including construction) outside the territory of the procuring Party, for consumption outside the territory of the procuring Party</td>
</tr>
<tr>
<td>• Acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions, and sale and distribution services for government debt.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Australia specific exclusions (Annex 15A)</th>
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</thead>
<tbody>
<tr>
<td>• Any form of preference to benefit small and medium enterprises</td>
</tr>
<tr>
<td>• Measures to protect national treasures of artistic, historic or archaeological value</td>
</tr>
<tr>
<td>• Measures for the health and welfare of Indigenous people</td>
</tr>
<tr>
<td>• Measures for the economic and social advancement of Indigenous people</td>
</tr>
<tr>
<td>• Plasma fractionation services</td>
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<thead>
<tr>
<th>Queensland specific exclusions (Annex 15A)</th>
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</thead>
<tbody>
<tr>
<td>• Health and welfare services</td>
</tr>
<tr>
<td>• Education services</td>
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<tr>
<td>• Government advertising</td>
</tr>
<tr>
<td>• Motor vehicles</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Exceptions (Article 15.12)</th>
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</thead>
<tbody>
<tr>
<td>• Measures necessary to protect public morals, order and safety</td>
</tr>
<tr>
<td>• Measures necessary to protect human, animal or plant life or health (including environmental measures necessary to protect human, animal or plant life or health)</td>
</tr>
<tr>
<td>• Measures necessary to protect intellectual property</td>
</tr>
<tr>
<td>• Measures relating to the goods or services of handicapped persons, of philanthropic or not for profit institutions, or of prison labour</td>
</tr>
</tbody>
</table>
Schedule D – Other relevant policies or instruments, by administering agency

Department of Employment, Economic Development and Innovation
- Government Building and Construction Contracts Structured Training Policy
- Local Industry Policy

Department of Infrastructure and Planning
- Project Assurance Framework

Department of Justice and Attorney-General
- Employment and outwork obligations (textile clothing and footwear suppliers) code of practice
- Relevant industrial relations and workplace health and safety policies

Department of Transport and Main Roads
- Main Roads Project Development System

Department of Public Works
- Capital Works Management Framework
- Government Employee Housing Management Framework
- Information and Communication Technology (ICT) Purchasing Framework
- Relevant information standards, including IS13 ICT Procurement, incorporating the Government Information Technology Conditions
- Maintenance Management Framework
- Quality Assurance Policy
- ICT SME Participation Scheme (jointly administered with the Department of Employment, Economic Development and Innovation)
Schedule E – Additional contract details to be disclosed for contracts of $10 million and over

[To be finalised by QGCPO in consultation with the Department of the Premier and Cabinet]
Schedule F – Government Owned Corporations covered by the Policy

The Policy applies to the following Government Owned Corporations:

**Industry Sector Government Owned Corporations**

**Energy**
- CS Energy Ltd
- ENERGEX Ltd
- Ergon Energy Corporation Limited
- Powerlink Queensland
- Stanwell Corporation Ltd
- Tarong Energy Corporation Ltd

**Transport**
- QR Limited
- Far North Queensland Ports Corporation Limited
- Gladstone Ports Corporation Limited
- North Queensland Bulk Ports Corporation Limited
- Port of Brisbane Corporation Limited
- Port of Townsville Limited

**Other**
- Queensland Investment Corporation
- SunWater

Schedule G – Budget sector agencies for the purposes of the State Procurement Policy

For the purposes of this Policy, the following agencies are considered to be budget sector agencies:

- Department of Communities
- Department of Community Safety
- Department of Education and Training
- Department of Employment, Economic Development and Innovation
- Department of Environment and Resource Management
- Department of Health
- Department of Infrastructure and Planning
- Department of Justice and Attorney-General
- Department of Police
- Department of Public Works
- Department of the Premier and Cabinet
- Department of Transport and Main Roads
- Treasury Department
- Electoral Commission Queensland
- Office of the Governor
- Public Service Commission
- Queensland Audit Office
- Queensland Ombudsman
- Queensland Parliamentary Service.
Key policy concepts

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Introduction

This document provides information to assist agencies to understand the foundation and operational concepts related to meeting the objectives of Queensland Government procurement.

Foundation concepts:
- Advancing priorities of the Government
- Value for money
- Probity and accountability for outcomes.

Operational concept:
- Sustainable procurement.
Foundation Concept 1 – Advancing priorities of the Government

Overview
The objectives of the State Procurement Policy include advancing the priorities of the Government.

Examples of outcomes
In pursuing the objective of advancing priorities of the Government, the State’s procurement activities:
• help develop Queensland’s regions and competitive local suppliers
• contribute to a sustainable future
• support fairness in employee conditions
• contribute to improved workforce skills and training among Queensland Government procurement practitioners.

Using procurement to advance priorities of the Government
By analysing their procurement patterns, suppliers and supply markets, agencies can identify opportunities for advancing priorities of the Government.

This analysis requires agencies to understand the nature of their procurement. Two major factors influence the nature of government procurement:
(a) the “degree of business risk” of goods and services which means:
• the degree to which the goods or services present risks or are critical to the agency
• the extent to which a competitive supply market for the goods or services exists.

(b) the expenditure for the goods and services.
• When the total expenditure of an agency on goods and services is analysed, an agency’s procurement can be segmented into four categories:

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1 Routine
2 Volume
3 Specialised
4 Critical
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Procurement of goods and services in categories 2, 3 and 4 are significant procurements and as such require a Significant Procurement Plan to be developed.
### Different opportunities for advancing priorities of the Queensland Government

Different opportunities for advancing priorities of the Queensland Government arise in each of the four categories. Some of these opportunities are outlined in the table below.

<table>
<thead>
<tr>
<th>Nature of procurement</th>
<th>Characteristics</th>
<th>Opportunities to advance priorities of the Queensland Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Routine Low degree of business risk and low expenditure</td>
<td>Goods and services in this category are usually very low value. These goods and services can be routinely purchased or purchased ad-hoc. They are generally goods and services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with purchasing the item may be of greater cost than the items themselves. Generally there are competitive local supply markets for goods and services in this category even at the local level.</td>
<td>Devolve procurement decision making and associated budgets to the lowest practicable geographical level. This is the most effective and efficient way to buy goods and services in this category. This approach is likely to enhance employment in the local retail and services sectors.</td>
</tr>
<tr>
<td>2. Volume Low degree of business risk and high expenditure</td>
<td>Goods and services in this category are commonly used across the State, often in high volumes but with sometimes low value individual transactions. There are often whole-of-government or whole-of-agency arrangements for supply of these goods and services. Procurement strategies in this category aim to ensure that total costs, including the costs of the goods or services and transaction costs, are reduced. There may be a need to address environmental issues about disposal, waste management, recycling, handling or storage.</td>
<td>Ensure that supply arrangements include consideration of local access and/or distribution. This promotes employment in regional areas in distribution or service outlets. There are also some opportunities to promote use of electronic commerce that may have the benefit of advancing knowledge-intensive local industries. Identify markets which are becoming uncompetitive, or where monopolisation is occurring, and consider establishing supplier development management programs, possibly in collaboration with the Department of Employment, Economic Development and Innovation. There is potential to advance environmental priorities.</td>
</tr>
<tr>
<td>3. Specialised High degree of business risk and low expenditure</td>
<td>Goods and services in this category are usually highly specialised and there are often very few potential suppliers. Procurement strategies for securing supply in this category generally focus on reducing the agency's vulnerability in the market by actively identifying alternative sources of supply or changing the demand requirements of the agency.</td>
<td>In this category there are opportunities to leverage local industry development as part of a strategy to broaden potential sources of supply. This could be achieved for example, by consideration of those procurements where a set aside for small and medium enterprises could be used. There is the potential to enhance local employment and/or to develop local value adding or knowledge-intensive industries.</td>
</tr>
<tr>
<td>4. Critical High degree of business risk and high expenditure</td>
<td>Goods and services in this category are often a complex ‘bundle’ or ‘package’ of services and associated goods that are critical in the service delivery of the agency. Long-term relationships with suppliers are common. Supplier attitudes to the agency as a customer are often crucial to the value that the customer agency will derive from the delivery of the goods and/or services.</td>
<td>Careful consideration of the appropriate level of ‘bundling’ of services, or of project delivery methods, may identify opportunities to encourage the participation of local suppliers, especially those that are most likely to value the agency as a customer. This approach is likely to promote local employment opportunities as well as value adding and knowledge intensive industry development.</td>
</tr>
</tbody>
</table>

For more information refer to www.qgcpo.qld.gov.au
Foundation Concept 2 – Value for money

Overview
Ensuring value for money is one of the three objectives of the State Procurement Policy. Price is not the sole indicator of value.

Value for money is a way of comparing alternatives for the supply of goods and services. Assessing value for money includes consideration of a number of factors. These include the contribution to the advancement of priorities of the Government, cost-related factors such as whole-of-life and transaction costs as well as non-cost factors such as fitness for purpose, quality, service and support and sustainability considerations.

Examples of outcomes
In pursuing the objective of value for money:
• policies, processes and practices promote efficient and effective procurement, which can be measured
• the government achieves the best return and performance for money being spent.

Strategies for achieving value for money
The strategies that will realise best value for money will depend on the nature of the procurement.

Procurement by an agency falls into the four categories outlined in Foundation Concept 1: Advancing priorities of the Government. The implications for value for money in each of these categories are identified in the table at right.

Procurement in the three categories for which there is a high degree of business risk and/or the goods and services are high expenditure (significant procurements) will generally require a detailed analysis and evaluation of the factors contributing to value for money.

<table>
<thead>
<tr>
<th>Nature of procurement</th>
<th>Implications for value for money</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Routine</strong></td>
<td>Secure value for money by minimising process related costs. The requirements for assessing value for money in this category are generally not onerous and are to be undertaken in accordance with the agency’s procurement procedures.</td>
</tr>
<tr>
<td>Low degree of business risk and low expenditure</td>
<td></td>
</tr>
<tr>
<td><strong>2. Volume</strong></td>
<td>Secure value for money by minimising process-related costs through effective electronic interfaces with suppliers and by negotiating price reductions based on volume sales.</td>
</tr>
<tr>
<td>Low degree of business risk and high expenditure</td>
<td></td>
</tr>
<tr>
<td><strong>3. Specialised</strong></td>
<td>Secure value for money by reducing exposure to limited sources of supply.</td>
</tr>
<tr>
<td>High degree of business risk and low expenditure</td>
<td></td>
</tr>
<tr>
<td><strong>4. Critical</strong></td>
<td>Secure value for money primarily by effective supplier relationship management through which the value of technology, innovation and continuous improvement is achieved. Value for money results are likely to improve where costs of offering are considered and reduced. High-level procurement and contract management skills will improve value for money returns.</td>
</tr>
<tr>
<td>High degree of business risk and high expenditure</td>
<td></td>
</tr>
</tbody>
</table>
Assessing value for money

In assessing value for money, agencies must consider the following:

- contribution to the advancement of priorities of the Government
- non-cost factors such as fitness for purpose, quality service and support, and sustainability considerations
- cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

The relative importance given to each of these elements when making a value for money decision will flow from the supply strategies developed as part of the agency's procurement planning process. These supply strategies may be developed for both individual procurements and for particular categories of procurement.

Contribution to advancing priorities of the Government

The State Procurement Policy requires agencies to undertake their procurement functions in a manner that supports and contributes to the achievement of priorities of the Government. These priorities define the Government's commitment to advance, through procurement, certain social, economic and environmental objectives.

In determining value for money, agencies must consider the contribution of their procurement to the advancement of the Government's priorities.

This will occur at different parts of the procurement process for different types of goods and services. For example:

- priorities of the Government may be addressed by the way in which agencies determine that whole categories of their procurement are to be undertaken. For example, by devolving all procurement and associated budgets to the lowest practicable geographical level for goods and services that are low expenditure and for which there is a low degree of business risk strengthens regional economies. The selection of supplier is then based on other value for money considerations.

- Initiating a supplier development program fosters certain supplier capabilities and encourages the entry of new suppliers, and thereby may advance priorities of the Government related to business and industry development. Invitations to Offer may be limited to participating suppliers who can then be selected on the basis of cost and non-cost factors alone.

- For significant procurements, careful consideration of specifications is a means of assisting the agency to advance priorities of the Government. For example, specifications may be written in a way that maximises local business and industry opportunities to supply. Evaluation can then be limited to other value for money considerations. In evaluating competing offers, including and weighting evaluation criteria related to priorities of the Government is a way to advance certain priorities through the procurement.

- Achieving value for money by establishing a supplier performance monitoring and management regime may also facilitate building the capability of local suppliers and thereby advance certain priorities of the Government.

Non-cost factors

Non-cost factors include:

- fitness for purpose
- technical and financial issues
- risk exposures
- the benefits to be obtained from the procurement
- availability of maintenance and support
- compliance with specifications where relevant
- sustainability considerations.

Cost-related factors

In assessing value it is necessary to determine all significant costs associated with the goods and/or services being procured.

Whole-of-life costs

These costs include the initial purchase cost as well as costs arising from holding, using, maintaining and disposing of the goods or services.
Transaction costs

It is necessary to recognise the transaction costs associated with purchases. Transaction costs include all costs internal to the agency arising from:

- establishing the need for the purchase
- planning for the purchase
- identifying sources of supply
- approaching the market to seek supply
- selecting suppliers
- ordering and processing payments
- managing relationships with suppliers including supplier performance monitoring and management.

For more information refer to www.qgcpo.qld.gov.au

Foundation Concept 3 – Probity and accountability for outcomes

Overview

The State Procurement Policy requires that Queensland Government agencies conduct their procurement activities with the utmost probity. Probity is the evidence of ethical behaviour in a particular process. The term probity means integrity, uprightness and honesty. Each agency is to ensure that its procurement is carried out in accordance with such obligations as may be placed upon it by the:

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Public Sector Ethics Act 1994
- such other legislative or government policy obligations as may apply to the procurement activities of the agency.

Accountability is the obligation to account for the way particular duties have been performed. Accountability for outcomes in procurement is being able to explain how the procurement has achieved its anticipated outcomes. Accountability shows how the public interest has been protected in the expenditure of public funds. In the context of the State Procurement Policy, accountability means being able to demonstrate how an agency has achieved its procurement objectives in a manner consistent with the objectives of the Policy.

Examples of outcomes

In pursuing the objective of probity and accountability for outcomes:

- procurement decisions are documented and defensible
- there is a high degree of transparency with respect to procurement results
- procurement is conducted with the highest level of ethical practice
- accountable officers make better decisions using established procurement information systems
- Cabinet is well informed about the impact of Government procurement.
Objectives of probity and accountability in procurement
The broad objectives are to:
• provide accountability and transparency
• maintain public sector integrity
• ensure conformity to processes
• ensure that all offers are evaluated against the same specified criteria
• preserve public and supplier confidence in government processes
• ensure the procurement activity provides the best outcome
• avoid the potential for misconduct, fraud and corruption.

Principles of probity and accountability in procurement
Queensland Government employees must comply with the following four inter-linked principles of probity and accountability in procurement:
• fairness and impartiality
• transparency of process
• confidentiality and security of information and materials
• effective management of conflicts of interest.

Probity and accountability considerations in agencies
Probity considerations should form an integral part of any procurement process. Among the key areas where probity must be incorporated into an agency’s procurement systems, policies and procedures are the:
• procurement planning process
• internal organisation and decision making processes
• security and confidentiality arrangements
• communication with offerors
• offer evaluation and selection
• promoting a probity-oriented culture
• management of probity issues.

For more information refer to www.qgcpo.qld.gov.au

Operational Concept – Sustainable procurement

Overview
The Queensland Government is committed to protecting the environment and doing business with ethical and socially responsible suppliers.

As set out in clause 6 of the State Procurement Policy, agencies must integrate the principles and practices of sustainability into the procurement of goods, services and construction. Budget sector agencies should seek to progressively increase from year to year, the proportion of their procurement expenditure on goods, services and construction that demonstrate improved sustainability outcomes.

Sustainable procurement
Sustainable procurement means that when buying goods and services organisations will consider:
• strategies to avoid unnecessary consumption and manage demand
• minimising environmental impacts of the goods and services over the whole-of-life of the goods and services
• suppliers’ socially responsible practices including compliance with legislative obligations to employees
• value for money over the whole-of-life of the goods and services, rather than just initial cost.

Agency procurement decisions should encompass the consideration of goods and services which have a lower impact on the environment and human health than competing goods and services from suppliers, and which are ethically and socially responsible in value for money considerations.

Elements of sustainable procurement
Goods and services that are regarded as achieving improved sustainability outcomes are those that have a reduced negative impact on the environment, and/or an improved social outcome, when considering the whole-of-life impacts of the good or service as compared to competing goods or services serving the same purpose.
Sustainability impacts that should be considered may include, but are not limited to:

- climate change
- energy
- water use and quality
- waste
- toxic substances, pollutants and emissions
- resource use and intensity, including natural landscapes and habitats
- social responsibility and ethical practices associated with the good or service.

These impacts should be considered from a whole-of-life perspective, including considering the sourcing of raw materials, manufacturing processes, packaging, distribution and transport, storage, operation and maintenance, disposal and potential for life extension through reuse or recycling.

In addition to sustainability impacts directly associated with the good or service, the sustainability credentials of the supplier organisation should also be considered to ensure that they are ethically, socially and environmentally responsible.

Setting targets

In order for budget sector agencies to increase the proportion of their procurement expenditure on goods and services that demonstrate improved sustainability outcomes, they are required to set, achieve, measure and report on sustainable procurement targets. The selection of targets should align with the agency's strategic and operational procurement objectives.

Budget sector agencies must set sustainable procurement targets across at least three significant procurement expenditure areas, and identify the level of benefits or outcomes that will be secured as a result.

These targets could be progressed through:

- product or service based initiatives, for example a target of 80 per cent of the total volume of the agency’s cleaning products must be certified by a Type 1 ecolabel or 100 per cent of timber procured will be from a sustainably managed, legal source
- demand management initiatives, for example setting a target to extend the life of a product (such as vehicles and laptops) before requiring a replacement
- supplier oriented initiatives, for example setting targets with respect to requiring that all suppliers within an expenditure category have a certified Environmental Management System in place; requiring that all suppliers within the expenditure category are signatory to an agreed sustainability code of conduct or convention; or requiring that all suppliers within the expenditure category provide an independently verified Corporate Social Responsibility report.

Sustainable procurement targets should identify the specific expenditure category to which the targets relate, the sustainability outcomes being progressed as well as how benefits (performance against the outcome) will be measured and reported.

Targets should be regularly reviewed and progressively improved (as a minimum, annually).

To assist in integrating the practice of sustainability into the procurement of goods, services and construction, budget sector agencies may also choose to set targets relating to capability building that could be informed by and benchmarked against the Sustainable Procurement Roadmap available at www.qgcpo.qld.gov.au

Achieving targets

Budget sector agencies are required to meet targets set in their Corporate Procurement Plans within the specified timeframes by developing and applying an implementation strategy.

Measuring and reporting on targets

Budget sector agencies are required to report annually on progress against the sustainable procurement targets established in the previous year’s Corporate Procurement Plan. Reporting should address the specific sustainability outcomes achieved, including measurement of these outcomes. For more information and sustainable procurement tools refer to the Queensland Government Chief Procurement Office website at www.qgcpo.qld.gov.au

For advice on how to comply with this operational concept contact the Queensland Government Chief Procurement Office on telephone 1800 631 991 or email betterprocurement@qgcpo.qld.gov.au.