

Powerlink 2027-32 Revenue Proposal

Procurement Framework





Procurement – Framework

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Version history

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1. Introduction

1.1 Purpose

The Procurement Framework (**Framework**) specifies how Powerlink will manage all procurement activities to deliver effective commercial outcomes while supporting the Queensland Procurement Policy's Principles and its Economic, Ethical Environmental & Social targets. Powerlink seeks to ensure the approach to procurement is consistent, comprehensive, and defendable and that in meeting this approach, the procurement effort is commensurate with levels of risk and/or criticality.

Additionally, procurement activities will be conducted in such a way as to:

- achieve value for money and
- ensure probity and accountability of outcomes in its procurement activities.

Compliance with the Framework's principles is mandatory when purchasing any goods or services for Powerlink.

1.2 Scope

The Procurement Framework applies to all procurement activities undertaken by or on behalf of Powerlink. It does not apply to Out of scope expenditure as defined in the Queensland Procurement Policy.

1.3 References

Document code	Document title
Contract Management Framework	Contract Management Framework
Contractor and Supplier HSE Management	Contractor and Supplier HSE Management
Delegations of Authority Register	Delegations of Authority Register- Purchase of Goods and Services
HSE Policy	HSE Policy
Delegation of Authority Standard	Powerlink – Delegation of Authority – Standard
Procurement Behaviour Guideline	Procurement Behaviour Guideline
Purchasing Card and Expense Reimbursement Procedure	Purchasing Card Procedure and Expense Reimbursement Procedure
Queensland Procurement Policy (QPP)	Queensland Procurement Policy (QPP), including additional policies as referenced within the QPP.
Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (QIPP)	Department of Aboriginal and Torres Strait Islander Partnerships: Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (QIPP)

1.4 Defined terms

Terms	Definition
Business Area	Area of the business within Powerlink with the need / requirement for the procurement activity.
Consultant	A specialist individual or group of individuals contracted to analyse information, provide expert knowledge, draw conclusions and make recommendations.
Contractor	An entity, such as an individual, partnership, trust or company that agrees to provide a service or outcome to Powerlink.

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Procurement – Framework

Terms	Definition
Local Supplier / Local Business	A supplier of goods or services that maintains a workforce whose usual place of residency (i.e., where they normally live, sleep and eat) is located within a 125 kilometre radius of where the good or service is to be supplied. See also <i>Regional suppliers</i> .
Indigenous Suppliers	Indigenous suppliers include all Aboriginal and Torres Strait Islander businesses.
Procure	The process of requisitioning, purchasing, receiving, and paying for goods or services.
Procurement	Procurement encompasses the whole process of obtaining goods and/or services. This includes identification of needs; planning; design; standards determination; specification writing; selection of suppliers; financing; contract management; disposals; other related functions.
Procurement Method / Sourcing Approach	A pre-determined approach identified as providing optimal outcomes to meet a requirement. Examples of sourcing approaches include but is not limited to open market tender, closed / select tender, or Request for Quotation (RFQ).
Proprietary	A technological design or architecture whose configuration is unavailable to the public and may not be duplicated without permission from the designer or architect. Proprietary goods or technologies are created for a specific company's purposes.
Purchasing	Purchasing is the process of acquiring goods and/or services (including by way of license or lease) in exchange for payment, which includes ordering, entering into contract terms, receipting and payment of goods and/or services.
Request For Quotation	A light version of a tender process, whereby suppliers are requested to provide little more than a purchase price.
Regional suppliers	If a capable local supplier does not exist, the radius should be extended progressively to the local region, then Queensland, then Australia, until a suitable supplier is identified. See also <i>Local Supplier</i> .
Small to Medium Enterprise (SME)	Small to medium enterprises as defined by the Australian Bureau of Statistics is any business employing less than 200 people.
Source / Sourcing	Sourcing is a specific segment within a procurement cycle that refers to identifying, evaluation, and selecting suppliers or vendors to obtain required goods or services.
Strategic	Procurement activities relating to the identification of long-term or overarching aims and interests of Powerlink, and the means of achieving them.
Supply Market / Market	Where buyers meet sellers to trade goods and services. This can relate to a specific location or to the general economic environment.
Tender / Invitation To Tender (ITT)	A request from a buying organisation to invite suppliers to formally quote on a large value project, or specific goods or services, or to establish an ongoing supply relationship.
Value for money	Value for money means the best available outcome for money spent. To achieve value for money, relevant Queensland government's objectives and targets, whole-of-life costs, Queensland government's Best Practice Principles for projects where the Best Practice Principles apply, and non-cost factors must be considered.

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1.5 Roles and responsibilities

Position	Responsibilities
Executive General Managers (EGMs)	<ul style="list-style-type: none"> Assist with the implementation of the Framework and related procurement controlled documents and procurement systems by leading the implementation in their respective Divisions. Ensure procurement decision makers within their Division have the capability and understanding necessary to effectively progress procurement activities at Powerlink, in accordance with the Framework.
Chief Financial Officer (CFO)	<ul style="list-style-type: none"> Overall responsibility for the Powerlink procurement function including compliance with the Framework. Promoting good procurement practice.
General Managers, Managers, Team Leaders and Financial Delegates	<ul style="list-style-type: none"> Support and communicate the Framework and demonstrate compliance with the Framework. Ensure that all process requirements derived from the Framework are embedded in all relevant procurement activities. Ensure that their teams, to the extent of their involvement in procurement, are appropriately competent to undertake purchasing activities. Drive business initiatives that help manage risk, control optimal spend, achieve vendor consolidation, and cost efficiency.
Manager Strategic Procurement	<ul style="list-style-type: none"> Own and maintain the Procurement Framework
Strategic Procurement Team	<ul style="list-style-type: none"> Provide specialist procurement services, advice and support to staff undertaking procurement activities. Assist with the tendering, establishment, and execution of procurement contracts/arrangements. Build procurement capability across Powerlink. Review, monitor, and report compliance with the Framework.
Contract Owners, Contract Managers	<ul style="list-style-type: none"> Ongoing management of procurement contracts/arrangements aligned to the Contract Management Framework.
Business Representatives	<ul style="list-style-type: none"> All employees, labour hire, contractors and consultants engaged by Powerlink who are involved in procurement activities for or on behalf of Powerlink must ensure that they understand and comply with the Framework.

1.6 Monitoring and compliance

Staff conducting procurement activities must comply with the principles as set out in the Framework. The relevant Financial Delegate is responsible for ensuring staff meet the requirements of the Framework before approving expenditure.

Financial delegation approval must be obtained prior to any commitment to procure goods and/or services. When seeking approval for the purchase of goods and/or services, staff must seek approval from a Financial Delegate within their line of management.

1.7 Risk management

The Procurement Framework has the following key objectives to assist in the management of commercial risks:

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1. To maximise commercial value – a comprehensive consideration of factors such as price, payment terms, fit for purpose, quality, service, reliability, availability, and cost-related factors including life cycle cost and transaction costs.
2. To ensure probity and accountability for all procurement activity outcomes – Powerlink conducts its procurement activities with the utmost integrity and honesty.
3. To ensure that local and Small to Medium Enterprise (SME) businesses are given fair and reasonable opportunities to bid for any goods and/or services tendered by Powerlink.
4. To provide guidance to employees in ensuring a consistent approach is applied across all procurement activities within Powerlink.
5. To align with applicable internal Powerlink policies and procedures in managing business risks, commercial risks, and, security and resilience risks.

2. Framework – Principles Based Procurement

To meet Powerlink's strategic objectives, whilst maintaining adherence to government directives, mandates and/or legislative requirements, a **principles based framework** is utilised for procurement activities across Powerlink.

Powerlink ensures the approach to procurement is consistent, comprehensive, and defendable so that in meeting this approach, procurement effort is commensurate with levels of risk and/or criticality.

2.1 Procurement Principles

Powerlink enhances the prospect of achieving these objectives (*refer to Section 1.7 of the Framework*) through applying the following principles:

We take a planned approach to all procurement.

Covering Procurement Planning, taking a longer-term view and flexibility of approach based on considered strategies.

We communicate in an open and effective manner.

Covering building and maintaining professional relationships.

We ensure probity and ethical conduct in all procurement activities.

Covering Code of Conduct, how we behave with the Supply Market, dealing with Conflicts of Interest and Competition and Consumer Act risks.

Procurement effort is commensurate with levels of risk and criticality.

Covering management of expenditure in accordance with procurement process, utilisation of established procurement arrangements, business continuity plans and focusing of efforts in line with level of risk exposure.

We make commercial decisions

Covering value for money decisions aligned with business strategies, appropriate management of risk, and socially responsible safe sustainable outcomes, all supported by appropriate oversight. We also ensure that local businesses are afforded a full, fair, and reasonable opportunity to tender for contracts.

2.2 Sourcing Approach

Sourcing Approach describes the method with which the supply market is engaged, including (but not limited to) verbal or written requests for quotations, selected suppliers invited to tender (closed tendering), or releasing a

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tender publicly for any supplier to respond (open market tender). Sound judgement and discretion should be exercised in determining the most appropriate sourcing approach. The effort directed to this should be commensurate with the scale, scope, and risk of the procurement, as well as the potential benefits available.

The quotation / tendering process should consider:

- the level of risk and complexity the procurement poses,
- the value of the proposed procurement in terms of
 - deliverability / availability / capacity
 - quality / capability
 - whole of life costing / ongoing fees, charges, related expenses
 - fit-for-purpose, and
 - value for money,
- the likelihood of achieving better quality and/or value for money by approaching the market using the selected sourcing approach, and
- the ability of a local business to provide the goods and/or services to an appropriate standard with at least equivalent value for money.

2.2.1 Thresholds

The following table provides a guide to the sourcing approach based on dollar value:

NOTE: Thresholds are based on total value of anticipated life of contract including extensions / options.

Value	Recommended Sourcing Approach	Responsible for process
Up to \$50K	Direct Purchasing <ul style="list-style-type: none"> • Recommend 1 or more written quote/s 	Business Area
Greater than \$50K – less than or equal to \$250K	Direct Purchasing <ul style="list-style-type: none"> • Recommend 2 or more written quotes 	Business Area
Greater than \$250K – less than or equal to \$1M	Direct Purchasing or Planned Procurement Initial review (required) by Strategic Procurement team <u>prior to any market issue</u> for recommendation of appropriate option. If Direct Purchasing path recommended: <ul style="list-style-type: none"> • Written quotes using RFQ process issued to a minimum number of suppliers that will demonstrate value for money - generally 3 suppliers If Planned Procurement path recommended: <ul style="list-style-type: none"> • Closed ITT issued to a minimum number of suppliers that will demonstrate value for money OR • Open market ITT. 	As advised by Strategic Procurement Team after initial review <ul style="list-style-type: none"> • Business Area for Direct Purchasing path, or • Strategic Procurement Team for the Planned Procurement path
Greater than \$1M	Planned Procurement <ul style="list-style-type: none"> • Closed ITT issued to a minimum number of suppliers that will demonstrate value for money OR • Open market ITT 	Strategic Procurement Team

The number of quotes should be commensurate with risk profile and seek a competitive, value for money outcome.

Note: The number of suppliers shown above in the various sourcing approaches is the recommended minimum number of requests to be issued to the market. Instances where one or more suppliers choose not to respond should be recorded with associated details of the request and a nil response. If value for money outcome is demonstrated in the submitted responses, and approved by the financial delegate, no further quotations are required.

Regardless of the sourcing approach used, all purchases greater than \$250K must be entered into Contract Lifecycle Management System (CLMS) or such other system as prescribed by the Strategic Procurement team and be reviewed by the Strategic Procurement Team.

Thresholds are based on total value of anticipated life of contract including extensions, and options for project works.

Annual renewal contracts (example – licencing fees) should apply the appropriate threshold approach in the initial engagement, then may be viewed as total yearly value for selection of ongoing sourcing approach.

2.2.2 Legitimate Quotation Process

All Quotations must be legitimately and validly sourced from appropriate suppliers without bias (refer to Section 3.1 of the Framework). Further detail can be found in the *Guide to Direct Purchasing*.

Applicable *Powerlink Standard Conditions of Order for Goods and Services*, or, *Powerlink PO Conditions for IT Goods and Services*, or the *Queensland Information Technology Contracting (QITC)* should be included in the Request For Quotation documentation. If the RFQ templates are not used, any correspondence with suppliers should clearly state the applicable Powerlink Terms & Conditions to apply. Refer to section 2.3 of the Framework for information relating to the application of alternate Terms and Conditions.

2.2.3 Justification of Sourcing Approach

Alternate Procurement Method (APM) approvals are no longer required for any procurement activity. If deviating from the above recommended sourcing approaches in section 2.2.1, appropriate justification for the chosen market approach must be demonstrated and approved by the General Manager. (**Note:** This is not linked to financial delegation authority, however consultation with the appropriate financial delegate is recommended).

2.2.4 Standing Exceptions to Sourcing Approaches identified in the Thresholds

The following alternate sourcing approaches may be applied if required:

Proprietary Parts / Equipment / Technology

Where purchases are proprietary, and there are no genuine alternative substitutes available in the market, one written quote / tender response is sufficient. The proprietary status must be substantiated, documented and approved by the relevant manager with applicable financial delegation.

Continuity of services

Genuine circumstances where it makes business or commercial sense to continue the services of an incumbent supplier based on embeddedness within the business *and* the cost of transition would significantly outweigh the loss of business continuity, a direct negotiation with the incumbent supplier may be used. This should not negate the benefits of regularly testing the market to ensure Powerlink continues to obtain value for money from the incumbent supplier. The continuity status must be substantiated, documented, and approved by the relevant manager with applicable financial delegation.

A *Sourcing Approach - General Manager Approval* template may be used for documenting justifications and is available on the Procurement page of Energi, however *any format of documented justification* may be used to support a procurement activity. Supporting documentation must be stored in accordance with the [Information Management - Records Management Standard](#) and is to be made available upon request for any audit processes or compliance checks.

2.2.5 Existing or Pre-Approved Contracts

Where a current contract/arrangement is available (e.g., schedule of rates/standing offer/fixed term agreement), purchases within the scope of the agreement can be made (in accordance with the approved Financial Delegation) without the need for further quotation or tender processes. These arrangements are detailed on the pre-approved *Contract Register* available on the Procurement page of Energise or accessed via the Contract Lifecycle Management System (CLMS). Contact the pre-approved Contract Manager if sourcing goods or services that are included in the pre-approved contracts from an alternate source.

Whole-of-Government (WoG) standing offer arrangements are available to all Government Owned Corporations (including Powerlink) and cover a range of goods and services. These arrangements have been established with preferred suppliers that have been prequalified. Direct quotations may be sought from these suppliers. Contact the Strategic Procurement team for assistance.

2.2.6 Significant Procurement Threshold / Significant Procurement Plan

The significant procurement threshold is \$3M. Any procurement activity meeting or exceeding this threshold, *and*, is strategic in procurement approach requires a completed Significant Procurement Plan (SPP). The SPP must be approved by an EGM. A SPP-Lite may be utilised for procurement activities under \$3M that are considered strategic in nature, for the purposes of good procurement practice. The SPP-Lite must be approved by an EGM.

2.2.7 ICT Small Medium Enterprises (SME) Participation Scheme

Powerlink may directly engage Information and Communication Technology (ICT) SMEs to provide solutions worth up to \$500,000 (including GST) that demonstrate value for money.

- In scope for the SME Access Incentive – All ICT and technology related procurement for new initiatives and/or the updating/replacement of an existing solution.
- Out of scope for the SME Access Incentive – This incentive cannot be used by an SME reselling standard offerings, products or upgrades from a non-SME manufacturer or provider (off-the-shelf or as-is and, without demonstrating significant value-add).

2.3 Alternate Terms and Conditions (T&Cs)

Acceptance of alternative Supplier's T&Cs up to the value of \$250K may be accepted by the business Line Manager with the applicable financial delegation. Prior to accepting alternative T&Cs, consideration must be given to the allocation of risk contained in the T&Cs. Advice may be sought from the Strategic Procurement team if needed.

The Strategic Procurement team or the Powerlink Legal Services team must be consulted in the first instance for any alternative Supplier's T&Cs, or modifications to Powerlink's standard T&Cs greater than \$250K. Recommendation on the alternative T&Cs will be provided. The business Line Manager with the applicable financial delegation, may accept the final position of the T&Cs after due consideration of the Legal Services team or Strategic Procurement team recommendations.

Acceptance of supplier's T&Cs for IT Software Agreements of any value may be approved by Business IT or Operational Technology Services (OTS) Managers within their respective financial delegation.

2.4 Managing and Monitoring Supplier Arrangements and Contracts

Contract Managers must actively monitor and manage supplier performance before, during and after establishing arrangements and contracts. The Powerlink Contract Management Framework should be applied to ensure optimal value is achieved from all contractual arrangements.

2.5 Procurement Delegated Authorities

The authority to approve contracts/agreements and approve expenditure must be in accordance with the Procurement Framework, the Powerlink Delegation of Authority Register and the Powerlink Compliance Manual.

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Reference clause	Procurement Process	Approver / Authority
2.2.3	Documented justification used to support a procurement activity alternative to recommendations listed in 2.2.1	Approved by General Manager This is not linked to financial delegation authority
2.2.4	Proprietary purchases – parts, equipment and technology	Approved by Business Line Manager Linked to financial delegation authority
2.2.4	Continuity of service supply	Approved by Business Line Manager Linked to financial delegation authority
2.2.6	Significant Procurement Plan (SPP) or SPP Lite	Approved by Executive General Manager This is not linked to financial delegation authority
2.3	Acceptance of alternate Supplier's T&Cs up to \$250K	Approved by Business Line Manager Linked to financial delegation authority
2.3	Acceptance of alternative Supplier's T&Cs or modification to Powerlink standard T&Cs greater than \$250K	Approved by Powerlink Legal Services
2.3	Acceptance of supplier's T&Cs for <u>IT Software Agreements</u> of any value	Approved by Business IT or OTS Managers Linked to financial delegation authority

3. Additional Governance Requirements

3.1 Procurement Practices and Considerations

3.1.1 Queensland Procurement Policy (QPP)

The QPP is mandated for application to budget sector agencies, government-owned corporations, statutory bodies and special purpose vehicles. The requirements of the QPP have been addressed in the current procedures and processes embedded in Powerlink's Procurement Framework which also supports the Queensland Government targets which can be viewed in the QPP and accessed via the hyperlink in section 1.3 of this document.

3.1.2 Health, Safety and Environment

The procurement of goods and/or services must be consistent with the [Contractor and Supplier HSE Management](#) processes, where relevant to the purchase or procurement. All health, safety and environment procedures regarding the purchase of goods and/or services are to be applied.

3.1.3 Queensland Indigenous Procurement Policy (QIPP)

Powerlink fosters the engagement and development of Indigenous suppliers. Employees undertaking procurement activities will ensure that capable and competitive Indigenous suppliers, are given a full, fair and reasonable opportunity to supply to Powerlink. As part of this commitment employees will, where possible, seek participation from Indigenous suppliers in the quotation process.

Powerlink supports the [Queensland Government QIPP targets](#).

3.1.4 Third Party Risk Management (TPRM)

The procurement of goods and/or services must be consistent with the Powerlink [Third Party Risk Management Framework](#) processes. All TPRM procedures regarding the purchase of goods and/or services applies where any external entity handles, processes and / or stores Powerlink data outside of Powerlink's network and / or provides a critical service to the organisation. The TPRM framework will apply to contractors, consultants, or any individual working in a role, or engaged under a contract, that meet the criteria contained within the TPRM and associated Risk Stratification questionnaire.

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3.2 Behavioural Requirements

Powerlink sets a high standard for how staff should conduct themselves while performing procurement activities on behalf of the organisation. For this purpose, anyone involved in procurement activities should adhere to the standards as set out in the [Procurement Behaviour Guide](#). The guide sets behavioural standards to maintain Powerlink's reputation and ensure our stakeholders have confidence in Powerlink's procurement activities.

3.3 Labour Hire

Engagement of labour hire (i.e., individuals sourced by Powerlink as temporary labour to perform work alongside Powerlink employees) is governed by the People and Culture team.

3.4 Local Participation

Powerlink fosters the use and development of local suppliers. Employees undertaking procurement activities will ensure that capable and competitive local suppliers and small businesses, are given a full, fair and reasonable opportunity to supply Powerlink. As part of this commitment, employees will, where possible, seek quotes from local suppliers.

A local benefits test will be conducted for all significant procurement (as defined in Section 2.2.6).

3.5 Ethical, Environmental and Social Objectives

Powerlink uses best endeavours to do business with ethically, environmentally, and socially responsible suppliers and will seek to influence the supply chain in this regard. As part of this commitment, Powerlink will endeavour to:

- Engage with suppliers that adhere to Powerlink's Supplier Code of Conduct.
- Not purchase 'dumped goods'.
- Engage with suppliers that comply with the Ethical Supplier Threshold requirements of the QPP.