



# **APT Petroleum Pipelines Limited**

Tendering processes

Covering the period  
12 April 2012 – 30 June 2017

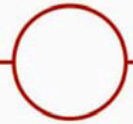
*Attachment 4.9*

*Confidentiality note*


*This document contains information which could  
reasonably influence a current tender process.*

*It is Confidential*

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# General Procurement Policy

Owner	General Manager Projects			
Policy Authorised by	Group Manager Operations & Chief Financial Officer			
Policy Approved by Managing Director			Date 30 June 2008	
Changes to be approved by	Group Manager Operations & Chief Financial Officer			
Direct questions on Policy to	General Manager Projects			
Policy to be reviewed no later than	30 June 2009			
Version control	Date	Version	Nature of Change	Approved by (Name)
Draft	10 April 08			
Draft	5 May 08	V1.0a	Includes feedback	
Draft	20 May 08	V1.2a	Includes HSE feedback	
Draft	30 May 08	V1.3	Feedback	

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## **1 Purpose**

The purpose of this policy is to outline the general procurement policy for APA.

## **2 Coverage / Scope**

This policy is applicable to all employees and contractors of APA engaged in procurement activities on behalf of APA.

## **3 Values & Commitments**

APA is committed to designing and implementing internal systems and processes that facilitate optimal procurement decisions. Procurement decisions should be made based on the most competitive prices, having regard to HS&E, environmental, technical, quality, and timeliness requirements.

All APA employees and contractors involved in the procurement process must act with independence, transparency and in an ethical manner at all times, so as to not damage the reputation of themselves or APA.

APA Values and Commitments must be complied with at all times.

## **4 Policy**

### **4.1 Overview**

APA is committed to using best practice procurement processes to achieve cost savings leveraging APA's purchasing power, within the framework of the APA core values. Before any good or service is to be purchased, the following must be considered prior to seeking approval for the purchase:

- Is it necessary to purchase the good or service;
- Total cost, including where appropriate maintenance costs, disposal cost/benefit, cost of finance and any alternatives and life cycle costing;
- Fit for purpose, including quality and timeliness;
- HSE requirements are met;
- Professional excellence, including regulatory compliance; and
- Environmental sustainability.

APA is committed to cost effective purchasing. A tender is to be conducted if any of the following conditions are met:

- The value of the goods to be purchased is greater than \$100,000; and
- The purchase of the good or service could create a material risk to the business.

Approval to acquire items without conducting a tender process can be approved by a Delegation of Authority Level 3 or higher, or from a Procurement Manager.

## 4.2 Roles and Responsibility for Procurement and Purchasing

Area	Role and Responsibility
Procurement	<ul style="list-style-type: none"><li>• Arrange new supplier or preferred supplier agreements</li><li>• Maintain agreements and relationships with suppliers</li><li>• Conduct tender processes</li><li>• Negotiate prices and savings for selected items</li></ul>
All Employees & Contractors involved in purchasing	<ul style="list-style-type: none"><li>• Comply with this policy</li><li>• Purchase items as required under supplier agreements</li><li>• Maintain ethical dealings</li></ul>

The Procurement section is not responsible for the purchase of items that are required by the business.

### 4.3 Authority to commit

Before commitment of APA to any expenditure, appropriate approval must be obtained within the Delegation of Authority policy and limits. Orders must be placed in writing using APA's standard purchase order forms.

### 4.4 Purchase of Incidental Items

Purchase of incidental items may be from local vendors. Where a preferred supplier does not service a location and/or for emergency supplies, discretion should be used to ensure appropriate purchase.

### 4.5 Credit Card Purchases

Credit cards can be used for once-off or incidental purchases only, where transaction values are low and there is no suitable alternative. Wherever possible, purchases are to be by issuance of a properly approved purchase order and payment made on account or invoice.

### 4.6 Preferred Suppliers

Wherever practical APA will establish preferred supplier agreements from which purchase contracts (purchase orders) can be raised. For those goods or services where APA has such an agreement, all purchases will be made from those suppliers. This leverages APA's buying power, promotes the relationship and assists negotiation of preferential pricing when agreements are due for renewal.

APA standard supply agreements for goods, services or contractors should be used for ongoing purchases. Refer to Legal Review policy for guidance where exceptions are requested / required.

### 4.7 Supplier Selection

Suppliers must be selected through an independent, verifiable and transparent process. Selection criteria may include:

- Ability to comply with APA standards including HSE, quality and technical standards
- Ability of supplier to provide goods/services nationally within required delivery dates
- Performance of goods/services and fitness for purpose
- Condition of market including alternative suppliers
- Proposed pricing and terms and conditions
- Past performance of supplier
- Supplier reputation including financial viability
- Requirement to purchase proprietary items from patent licensees

#### **4.8 Professionalism / Ethics / Probity**

It is essential that APA employees and contractors act in a way that enhance the professional reputation of APA and ensure that APA cannot be brought into disrepute. All procurement activities will comply with APA guidelines relating to:

- Commercial confidentiality
- Ethical conduct
- Due process
- Stakeholder sign-off, including legal, risk management
- Actions within delegated responsibilities
- Conflicts of interest
- Values and commitments

#### **4.9 HSE**

The procurement process should not introduce any risks to the health, safety and environment of employees, third parties or property. Proactive risk management identifies and manages risks, opportunities and issues arising out of procurement.

Items listed on accredited supplier lists on the APA Group intranet catalogues do not require a risk assessment prior to purchase.

A risk assessment must be conducted prior to purchase of any new item to ensure that new risks and hazards are not introduced into the workplace. The person requesting the item must contact their manager or supervisor to arrange for a risk assessment prior to proceeding with the purchase.

### **5 Links / interaction with other policies**

Legal sign-off process / standard forms  
 Motor Vehicle Policy  
 HSE Policy  
 Travel and Accommodation Policy  
 Delegations of Authority

## **6 Attachments**

**6.1 Responsibility Matrix (Business unit vs centralised Procurement)**

**6.2 Procurement processes**

**6.3 Tendering Process and Forms**

## Attachment 6.1 – Procurement Processes Responsibility Matrix

Process	Step	Detail	Business	Procurement
Purchasing Major Items	1.	Confirm need for purchase and obtain approval	✓	
	2.	Select Purchase (quantity, where, when)	✓	
	3.	Is there an appropriate vendor to meet requirements?	✓	
	4.	Tender development and process		✓
	5.	Assess/Select vendor	✓	✓
	6.	Negotiate contract with vendor	✓	✓
	7.	Manage Contract	✓	
Purchasing Minor Items	1.	Confirm need for purchase and obtain approval	✓	
	2.	Select Purchase (quantity, where, when)	✓	
	3.	Is there an appropriate vendor on the approved vendor listing?	✓	
	4.	Vendor Selection	✓	✓
	5.	Purchase item	✓	
Ordering / Payment	(Prior)	Technical specification design and approval	✓	
	1.	Generate Requisition for approval, select supplier, quantity, where, when, cost centre, project code	✓	
	2.	Requisition fit-for-purpose approval	✓	
	3.	Purchase order generated from approved requisition	✓	
	4.	Approve purchase order under delegated authority	✓	
	5.	Issue purchase order from procurement system	✓	
	6.	Receive goods / assess. Match to order and receive in procurement system	✓	
	7.	Forward invoice to FSC for payment		(Vendor)

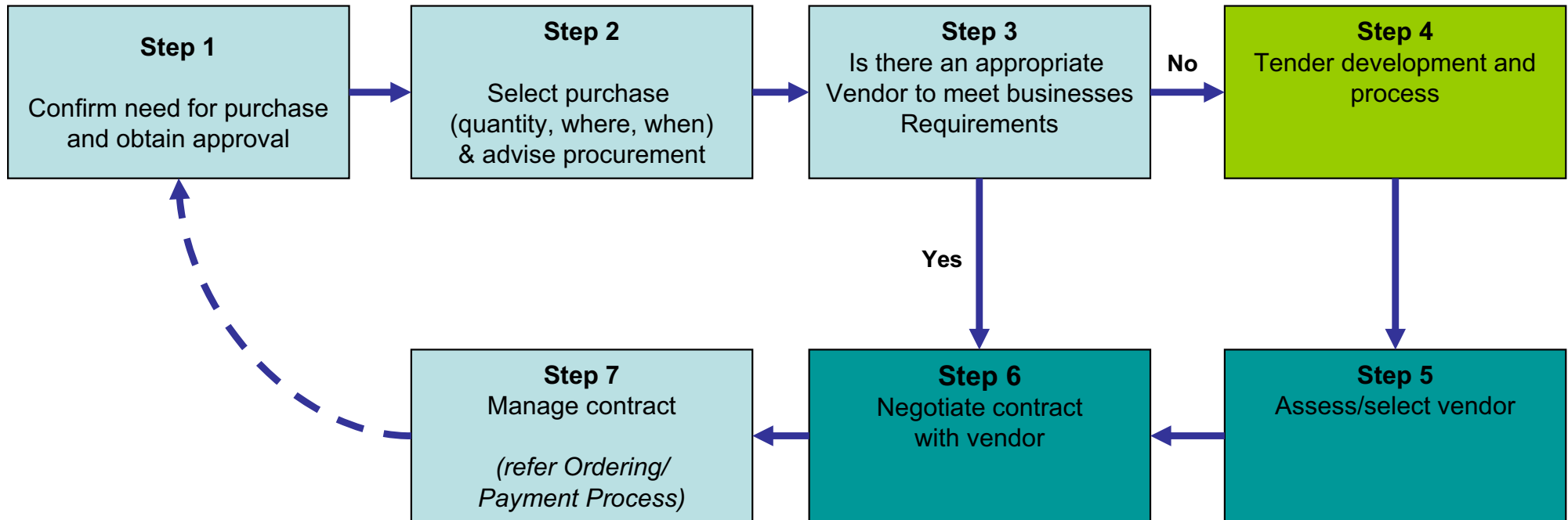


Process	Step	Detail	Business	Procurement
	8.	Match invoice to purchase order, authorise invoice for payment	(Business or Stores)	
	9.	Pay invoice according to payment terms	(Accounting)	
Vendor Selection	1.	Select what is to be purchased and when	✓	
	2.	Determine vendor criteria and tendering requirements	✓	✓
	3.	Conduct quoting / tendering process in accordance with agreed criteria		✓
	4.	Selection of vendor	✓	✓
	5.	Negotiate/establish vendor agreement including specified product/item listing if relevant	✓	✓
	6.	Vendor added into approved vendor listing and approved product / item listing		✓
	7.	Monitor purchases to identify realised savings		✓
Vendor / contract review	1.	Set review date and seek relevant business' input		✓
	2.	Relevant business provides input	✓	
	3.	Conduct review with vendor, agree issues list	✓	✓
	4.	Advise outcomes to business		✓
	5.	Review / confirm intended savings have been achieved		✓
	6.	Prior to agreement / contract expiry, recommence vendor selection process		✓
Change of vendor	1.	Identify need for change of vendor	✓	✓
	2.	Determine vendor criteria	✓	✓
	3.	Selection of new vendor		✓
	4.	Advise business of changeover arrangements		✓
	5.	Archive previous vendor from approved vendor listing		✓
	6.	Confirm completion of previous purchases / payments and cessation of new orders		✓

## Attachment 6.2 – Procurement Processes

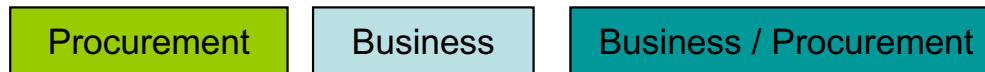
- Purchasing Process – Major Items
- Ordering / Payment Process
- Vendor Selection Process
- Vendor Management Process
- Change Of Vendor Process

# Purchasing Process – Major Items

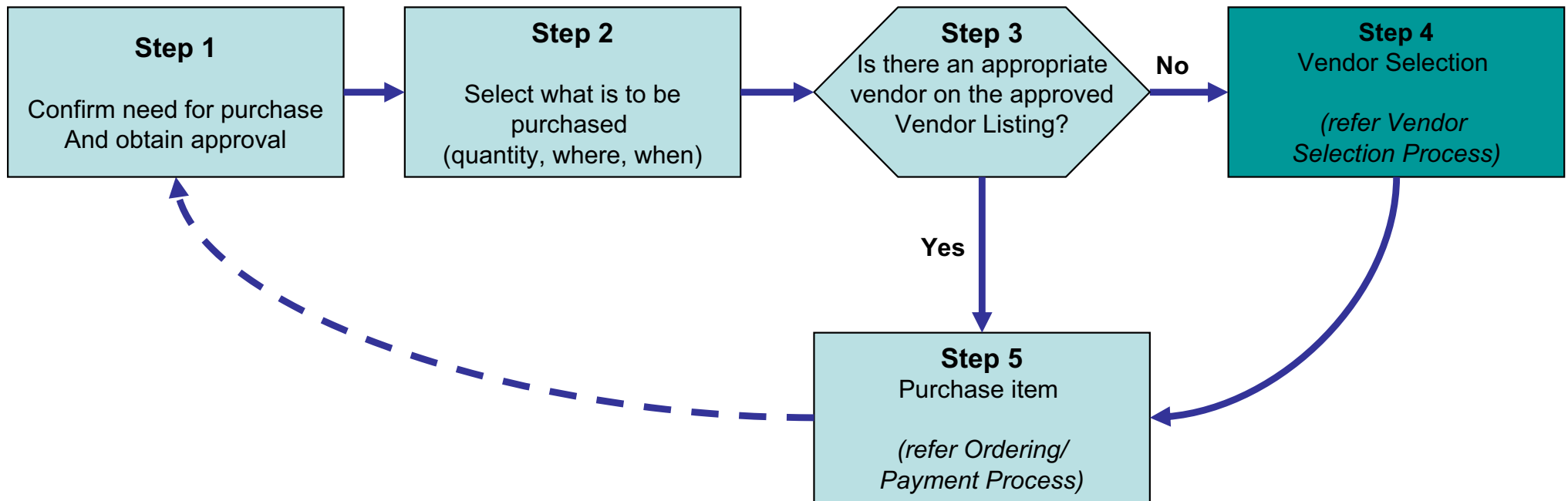


- \* Major items are usually those items which because of value, quantity or business criticality should be subject to a comprehensive procurement process.
- \* Does not include corporate services (eg. audit, lawyers, financial advisers etc)

**Responsibility:**



# Purchasing Process – Minor Items



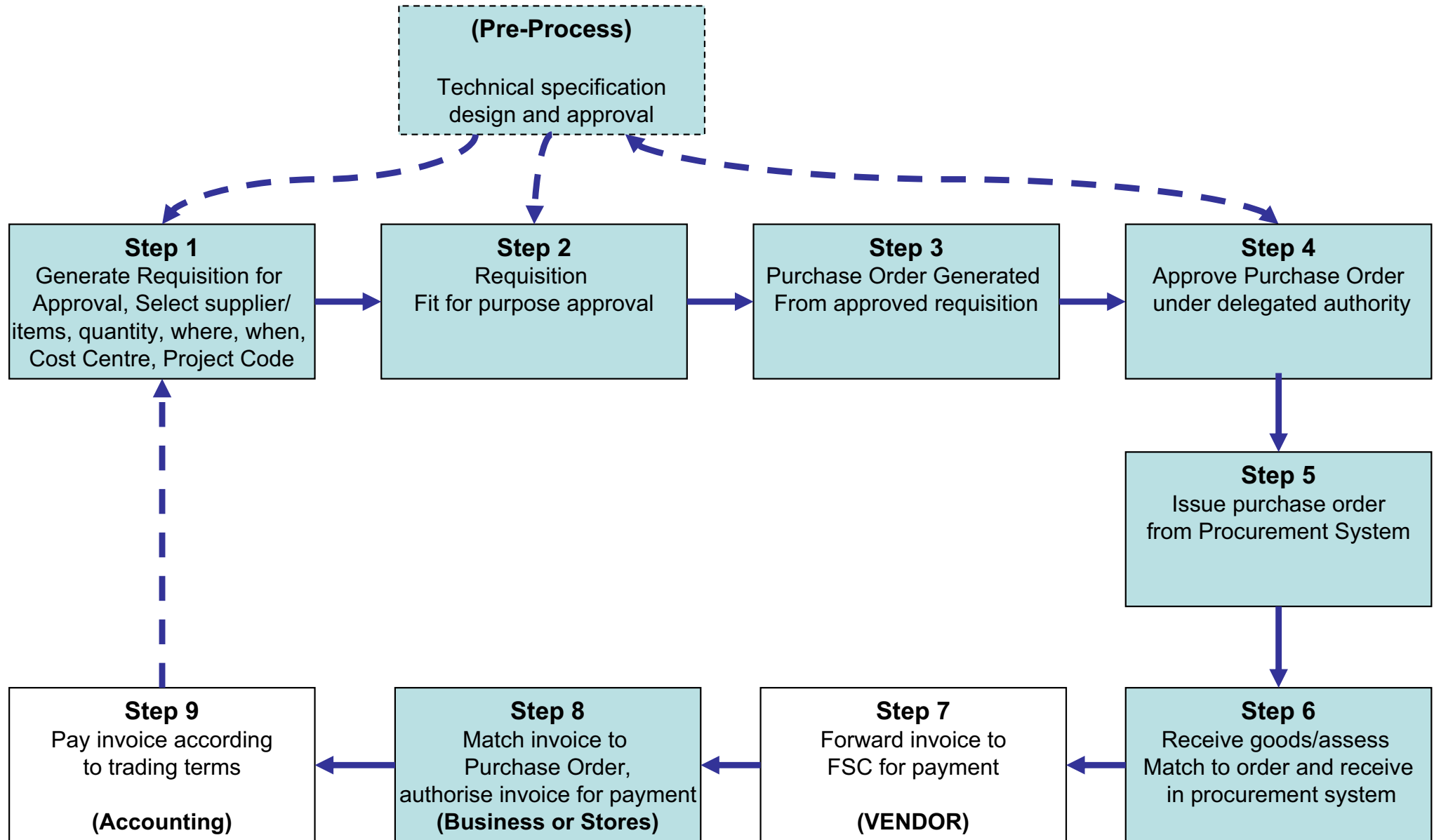
**Responsibility:**

Procurement

Business

Business / Procurement

# Ordering / Payment Process



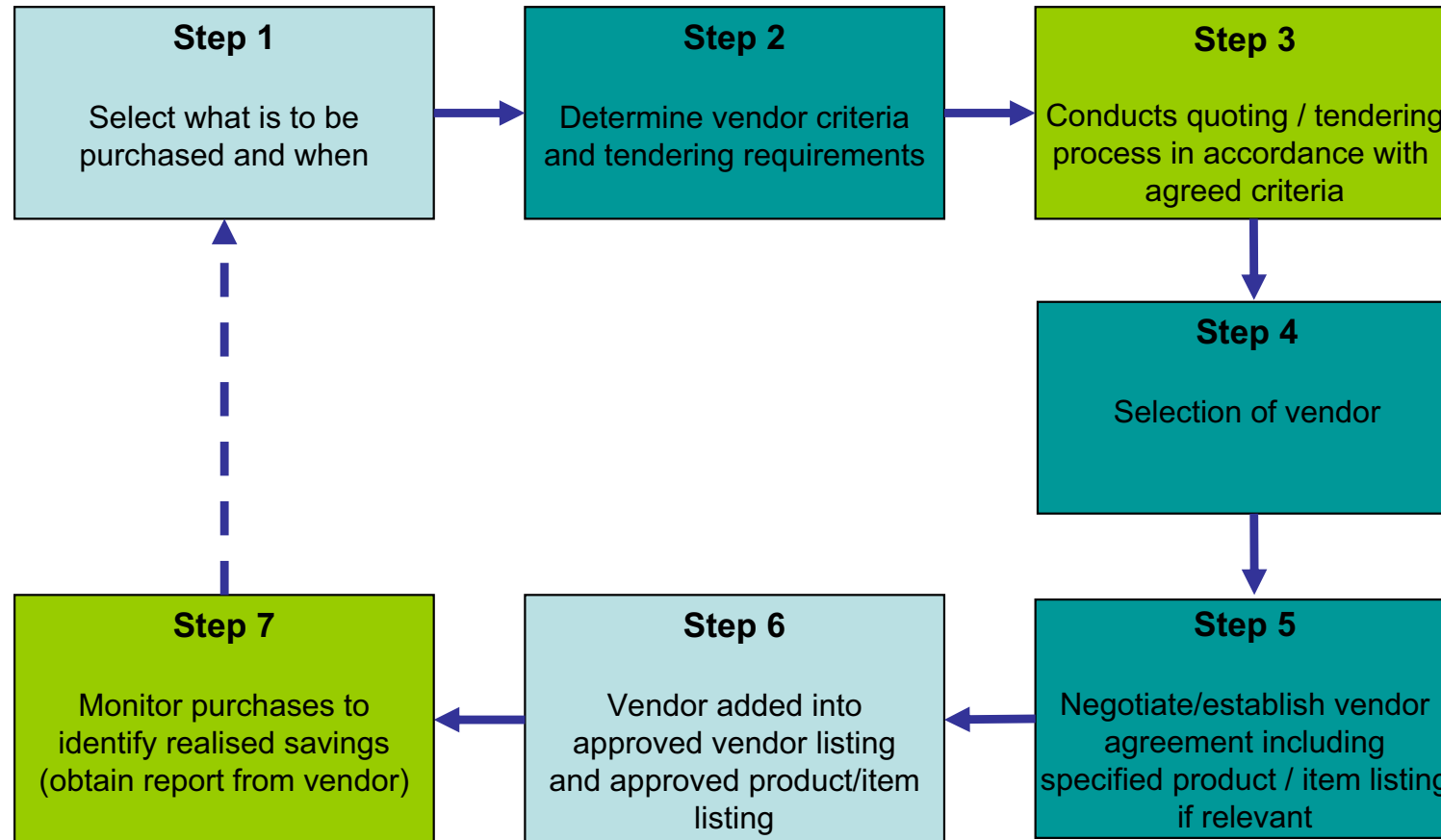
Responsibility:

Procurement

Business

Business / Procurement

# Vendor Selection Process



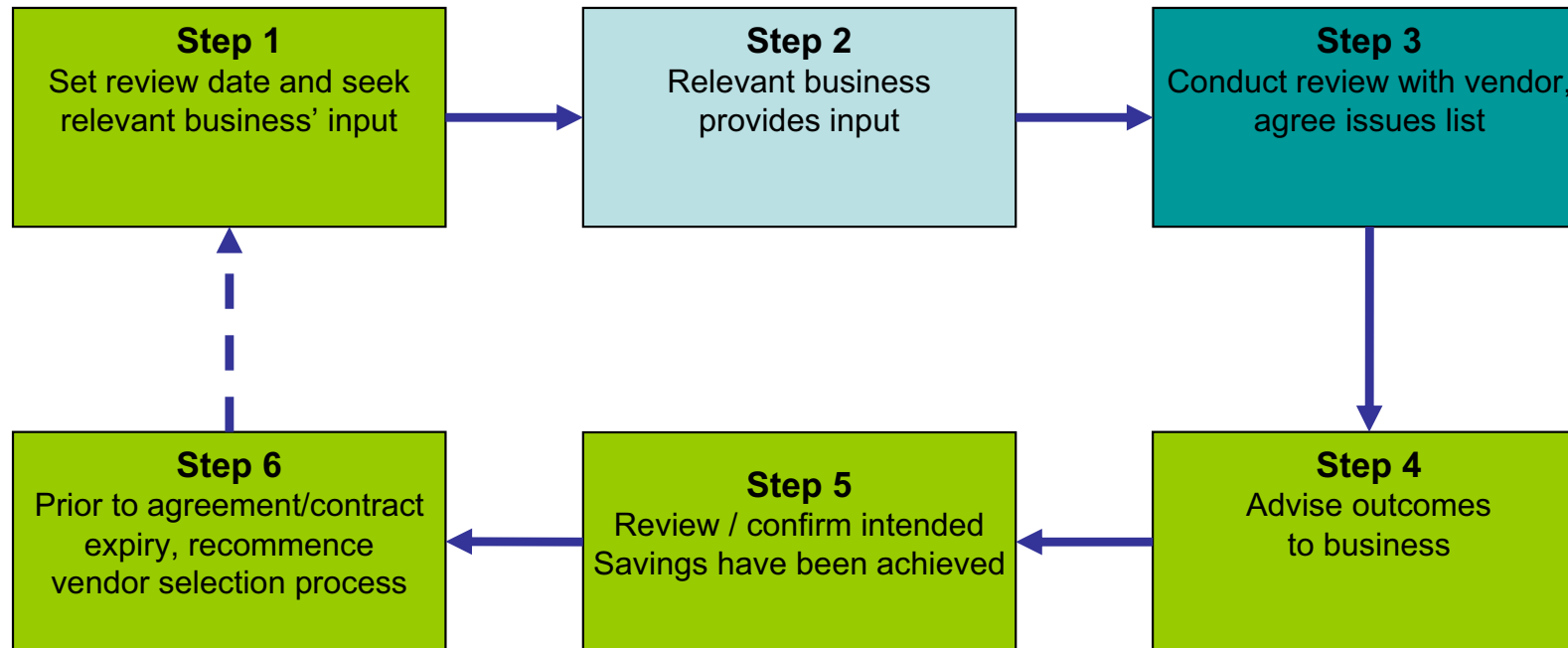
**Responsibility:**

Procurement

Business

Business / Procurement

# Vendor / Contract Review Process



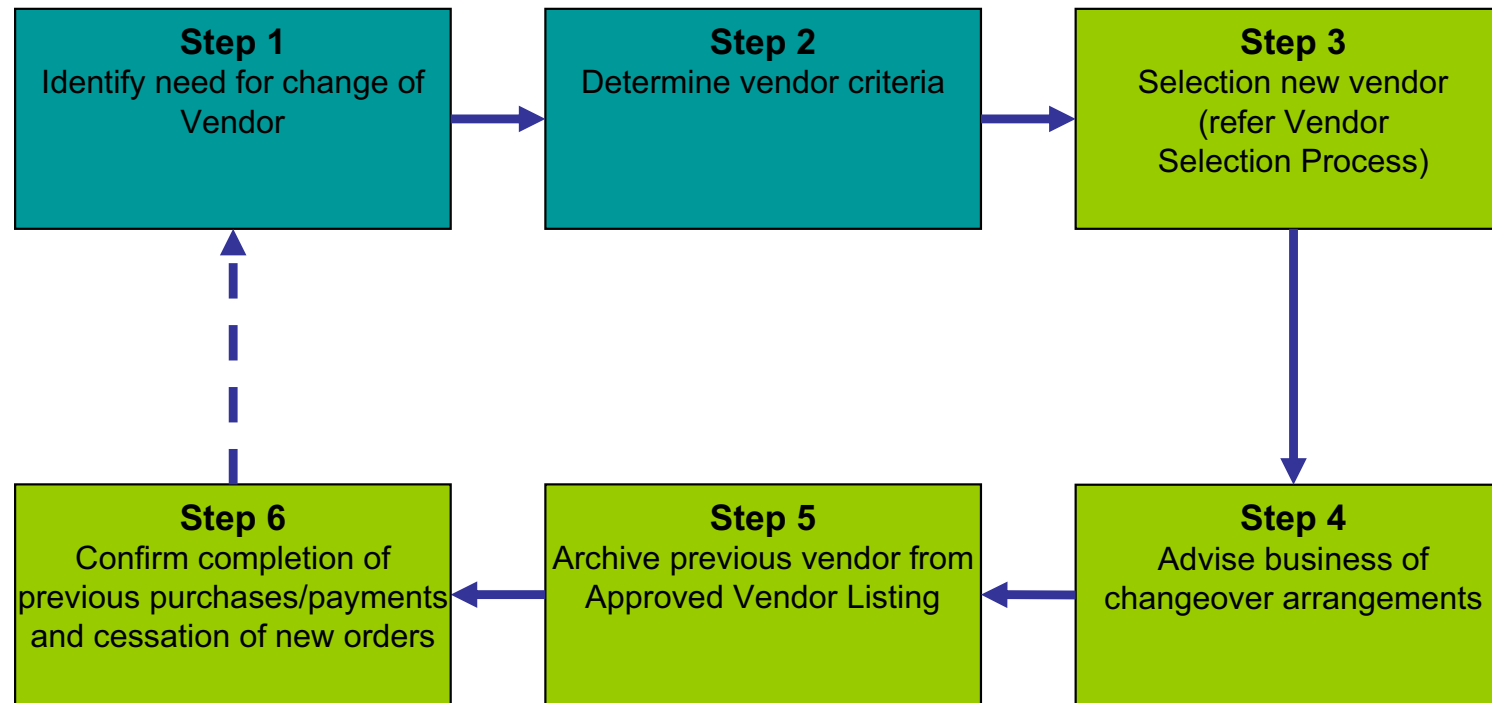
**Responsibility:**

Procurement

Business

Business / Procurement

# Change Of Vendor Process



**Responsibility:**

Procurement

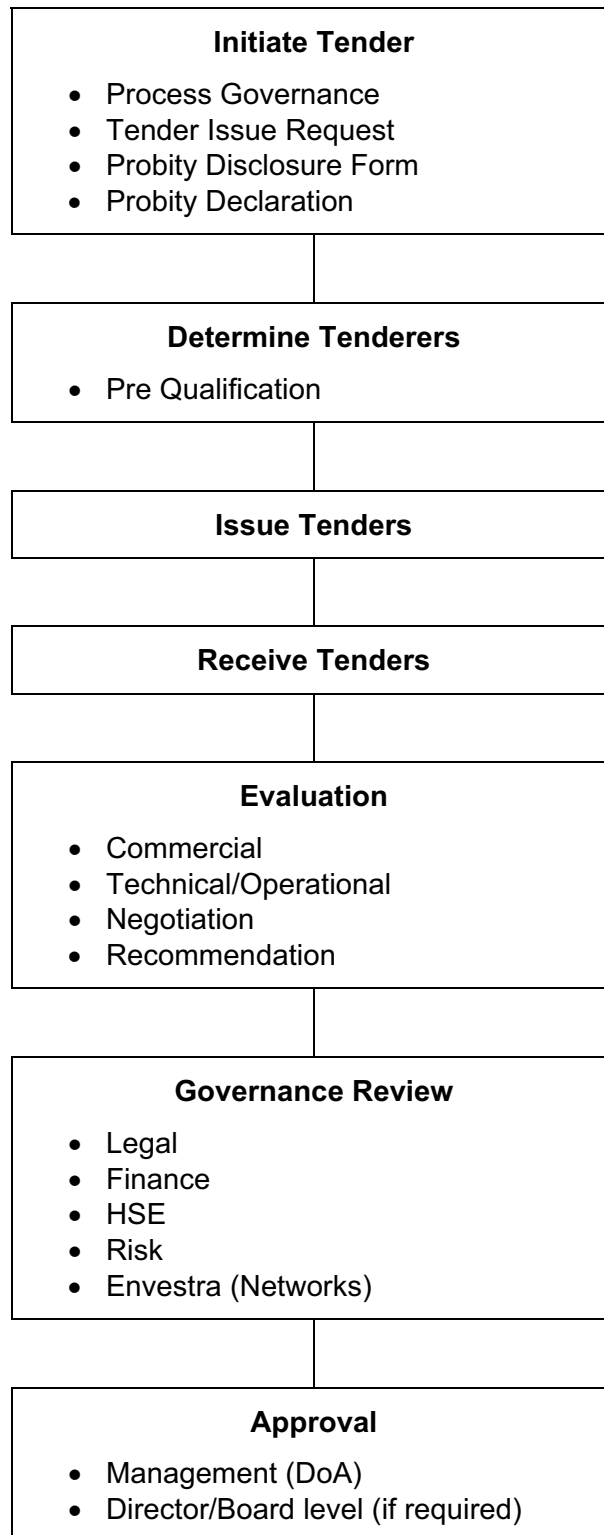
Business

Business / Procurement





## Tendering Process Overview



## Tendering Process Notes and Checklists

### 1. Purpose

This document explains the processes to be followed for conducting tenders for the supply of goods and services. It also includes copies of forms that are to be used in the tendering process.

### 2. Ethics and Probity

During the tender process, there shall be open and fair competition amongst potential suppliers which includes:

- Accurate and identical information, including subsequent information being provided to all potential suppliers
- Evaluation of offers based on identical criteria
- A justifiable and audited documented selection process

Consistent with an environment of professionalism and fair dealing, process participants should take all reasonable steps to ensure that the information on which decisions are based:

- Is accurate
- Excludes irrelevant information or unsubstantiated opinions
- Is appropriately documented

All employees engaged in the tender process must be familiar with the APA Group Code of Conduct and adhere to it at all times in their dealings with potential suppliers. The APA Group code of conduct outlines required standards of behaviour, including but not limited to:

- Acting honestly and with integrity
- Avoidance and disclosure of any conflict of interest
- Respecting confidentiality
- Not taking advantage of information or position for personal gain
- Acceptance of gifts, benefits, entertainment and gratuities offered by potential suppliers.

### 3. Tendering Process

#### Initiate Tender

To initiate a tender for a project or ongoing provision of goods or services, the Business Unit:

- Initiates a Tender Process Governance Checklist (Form 1) and ensure that the necessary pre tender sign offs are completed.
- Completes a Tender Issue Request (Form 2) and forwards it to Procurement. Any applicable specifications must be attached. Any proposed variations to approve APA contractual terms and conditions must be approved by Legal prior to issuing of the tender.
- Initiate a Probity/Disclosure Form (Form 3) to be completed during the tender process.

The Business Unit and Procurement personnel involved in the tender will also complete Probity Declarations (Form 4).

## **Determine Tenderers**

The Business Unit may attach a list of potential tenderers to the Tender Issue Request. In conjunction with the Business Unit, Procurement will decide if the Tender is to be issued generally or to pre-qualified suppliers. Pre qualification will be based on objective, documented criteria which directly relate to the suppliers' capabilities to deliver the goods or services required in a manner that meets APA requirements.

## **Issue Tenders**

Procurement will prepare and issue the tender packages, ensuring that the same information is issued to all tenderers. Tenders may be issued by post, courier or electronically. Procurement will control all correspondence with tenderers and issue any supplementary information to tenderers.

## **Receive Tenders**

All tenders will be lodged with Procurement and will be kept sealed in a secure location until the tender period has closed. Tenders must be lodged by the due date and time specified in the tender documents. Tenders received after the due date and time will only be considered with the approval of Delegation of Authority of Level 3 or higher.

## **Evaluation**

An initial evaluation of the tenders will be undertaken by Procurement and the Business Unit. Procurement will perform a commercial review of the tenders, and the Business Unit will review the technical, operational, quality aspects of the tender.

As appropriate, a shortlist of tenderers may be established and further negotiations conducted with the shortlisted tenderers. Records should be kept of any post tender discussions, correspondence and meetings.

Post tender negotiations should be considered in all situations in order to obtain the optimum solution and commercial arrangements, and not merely accept the lowest price, technically complying offer made at the time of tendering. However, it is also essential that there is equality of opportunity for all short listed tenderers.

Materials and services shall be obtained at the best cost rather than the lowest cost. All relevant price and non-price factors shall be considered to ensure that benefits are commensurate with costs. The least cost choice should not be followed if there is a clear and reasoned justification for not doing so.

The evaluation should be consistent with the selection criteria specified in the Tender Issue Request Form.

Procurement and the Business Unit will prepare a written recommendation, which should include:

- Recommended Tenderer
- Total Tender Price
- Reasons for recommendation
- Completed Tender Process Summary, Probity Disclosure Form and Probity Declarations

## **Governance Review**

Prior to approval, the tender recommendation must be reviewed and signed off on the Tender Process Summary and Governance Checklist by appropriate areas. Areas for review include

- Legal: approval of contract terms and identification of potential risk area

- HSE: compliance with HSE legislation and APA policies and standards
- Finance: expenditure approval verification, tax implications, foreign exchange risk
- Risk Management: risk assessment review, insurance requirements
- Networks: Envestra approval (as required)

## Approval

The selection of a tenderer must be approved by a manager with the appropriate approval under the Delegated Limits of Authority. Similarly, any commitment made to a supplier must also be within the delegated authority level.

If Director or Board approval is required, the contract for the tender will be forwarded to the Company Secretary.

## 4. Forms

Form	Use
Tender Process Summary and Governance Checklist (Form 1)	Ensures each step of the process has been completed.
Tender Issue Request (Form 2)	Used by Business requesting Tender to initiate Tender process by procurement
Probity/Disclosure Form (Form 3)	Required at commencement of tender process. Ensures any potential conflicts of interest are identified
Probity Declaration (Form 4)	Required at commencement of tender to document understanding/compliance with probity requirements

## Tender Process Summary and Governance Checklist

It is assumed that the project sponsor will be the final decision maker and have appropriate delegated authority.

### Tender Overview:

Project Sponsor:		Title:	
Project Lead:		Title:	
Type of goods/services:			
Scope of Work Overview:			
Tender Ref No (if applicable):		Issue Date:	Close Date:

### Sign-Offs:

Phase	Process Step	Required Sign-off	Sign and Date
Initiation	Agree scope	Project Sponsor	
	Identify Review Team	Issue Lead / Project Manager	
	Obtain probity sign-offs	Issue Lead / Project Manager	
	Identify requirements / specifications	Issue Lead / Project Manager	
	Determine timeframe	Issue Lead / Project Manager	
	Draft Tender	Issue Lead / Project Manager	
	List possible tenderers	Issue Lead / Project Manager	
	Issue Tenders	Issue Lead / Project Manager following approval of Project Sponsor	

Evaluation	Receipt of Tenders	Issue Lead / Project Manager
	Distribution of responses to review team	Issue Lead / Project Manager
	Facilitate Review	Issue Lead / Project Manager
	Draft Recommendation	Issue Lead / Project Manager
	Approval of recommendation	Project Sponsor
Closure / Fulfilment /Governance	Contract negotiation	Issue lead / Project Manager
	Notify Tenderers	Issue Lead / Project Manager
	Legal Department Review <ul style="list-style-type: none"> <li>• Contract Terms</li> <li>• Trade Practices</li> <li>• Other legal compliance</li> </ul>	APA Group Counsel or locally appointed external counsel
	Finance Department Review <ul style="list-style-type: none"> <li>• Treasury</li> </ul>	APA Group Finance Manager / State Finance Manager
	Tax Department Review <ul style="list-style-type: none"> <li>• Taxation</li> </ul>	APA Group Taxation Manager / State Finance Manager
	HS & E Review	HS & E Manager
	Insurance / Risk Review	APA Risk Manager
	Contract sign-off	Authorised Company Signatory, on recommendation of Project Sponsor
	Ongoing Review	Issue Lead / Project Manager

## Tender Issue Request

PROJECT TITLE / TENDER NAME: #

FROM: #

DATE: #

To expedite your request, please complete the following providing as much information as possible.

<b>Item/Project Details</b>	Project Location / Address: #		
<b>Item/Project Brief</b>	Provide a <u>general</u> description of the project to put this tender in context. #		
<b>Scope of Tender</b>	Provide a <u>general</u> description of the item, products, or services to be provided. #		
<b>Budget</b>	Estimate value of Purchase: \$#	Is the expenditure approved?: #	
<b>Tender Process</b>	Is a pre-tender meeting required?: #	If required provide details of meeting location, phone number, date, time etc.	
	Will meetings or interviews with, or presentations by prospective tenderer's be required: #	If required provide details of meeting location, phone number, date, time etc.	
<b>Tentative Key Dates</b>	Issue Invitation to Tender: #	Pre-tender meeting: #	Receipt of Tenders: #
	Award or shortlist Tenders: #	Tender Interviews: #	Award of Contract: #
<b>APA Technical Contact</b>	Name: #		
	Address: #		
	Phone: #	Mobile: #	
<b>Confidentiality</b>	Is a confidentiality undertaking required from each Tenderer?: #	If required provide an outline of the confidential nature of the project.	
<b>Scope / Specification</b>	Specification (as attached) has been approved for issue by: #		
<b>Selection Criteria</b>  - Add or delete as appropriate  - Please ensure that the sum of all weightings add to 100			Weighting %
	Costs and Unit rates		#
	Demonstrated recent experience (specific to the item / service)		#
	Demonstrated understanding of Codes and Standards		#
	Quality of Tenderer's response		#



	<b>Technical experience and capability</b>	#
	<b>Satisfactory Safety performance</b>	#
	<b>Demonstrated experience with, and commitment to, quality assurance</b>	#
	<b>Financial strength and capability</b>	#
	<b>Resource capability</b>	#
	<b>Commitment to delivering the items / services on or before the delivery date</b>	#
<b>Information to be submitted</b>	<i>Provide details as to the format and type of information required of each of the Tenderers. (This will ensure that Tenderers will respond in the similar way and make comparisons by APA easier).</i>	
	<i>This is in addition to otherwise known or generic requirements such as tender forms, insurances, financial, commercial qualifications, etc..</i>	
- Add or delete as appropriate	<b>Price breakdown</b>	#
	<b>Standards and codes</b>	#
	<b>Technical Experience and Capability</b>	#
	<b>Resource Capability</b>	#
<b>Particulars, special conditions of contract</b>	<b>Payment:</b>	<i>Is payment to made against milestones? If so, provide details</i> #
	<b>Liquidated Damages:</b>	<i>Will APA seek to recover costs if goods or services are not delivered or completed on time?</i> #
	<b>Warranty / Defects Liability Period:</b>	<i>Nominate duration of Warranty of DL period</i> #
	<b>Contractor's / Suppliers liability:</b>	<i>Explain the importance of the contractor's involvement in the project and to what extent APA would pursue them or otherwise hold them accountable if they made an error.</i> #
	<b>Security:</b>	<i>Nominate if security from the supplier or contractor is required.</i> #
	<b>Performance incentives / penalties:</b>	<i>Nominate whether performance incentives / penalty mechanisms are to be incorporated into the contract.</i> #
		: <i>[Enter]</i> #

## Attachments

(If appropriate, attach a list of potential tenderers for use as a guide in identifying tenderers)

Please return the completed form (and any attachments) to: the Procurement Team





<b>Potential Nominated Suppliers</b>		<i>If no preferred supplier agreement exists, please provide details of nominated suppliers below:</i>			
<b>1</b>	Name:	#	ABN:	#	
	Address:	#			
	Contact Name:	#			
	Phone:	#	Email:	#	
<b>2</b>	Name:	#	ABN:	#	
	Address:	#			
	Contact Name:	#			
	Phone:	#	Email:	#	
<b>3</b> (Enter further Suppliers as required)	Name:	#	ABN:	#	
	Address:	#			
	Contact Name:	#			
	Phone:	#	Email:	#	
		[enter]			

**Probity / Disclosure Form**

**Tender Details**

Project Lead:		Title:	
Type of goods/services:			
Scope of Work Overview:			
Tender Ref No (if applicable):		Issue Date:	
		Close Date:	

**Supplier Details** – list & code potential suppliers to be included in the review process.

Codes – (Inc) Incumbent Supplier, (New) New Supplier, (EOI) Supplier who has indicated an Expression of Interest, (Pre) Previous Supplier, (Oth) Other.

Supplier Name		Code	Supplier Name		Code
1.			6.		
2.			7.		
3.			8.		
4.			9.		
5.			10.		

**Potential Conflict of Interest Assessment** – list & code review team members and any issues of concern.

Codes – (P) Procurement, (LEG) Legal, (HR) Human Resources, (FIN) Finance, (HSE) HS&E

Code	Review Team Member	Potential Conflict of Interest	Review Team Comment

*Potential Conflicts of Interest include but are not limited to:  
 Personal acquaintance or existing personal relationship with supplier decision maker, relative of supplier decision maker, significant share holdings in supplier/s organisation, bias opinion or a previous employment history.*

Agreement reached by all Review Team Members:  YES  NO

Comment: \_\_\_\_\_ Date: \_\_\_\_\_

Procurement Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Comment: \_\_\_\_\_

**Probity Declaration**

<p style="text-align: center;"><b>Contract ID No.</b></p> <p style="text-align: center;"><b>[Enter Brief Contract Descriptor/Title]</b></p> <p style="text-align: center;"><b>TENDER and EVALUATION</b></p> <p style="text-align: center;"><b>APA Group</b></p>
---

With respect to the tender and evaluation for the above ("Project"), I agree to hold all information revealed during the tender and evaluation process in strict confidence. I will not reveal or discuss such information with anyone other than participants in the proposal evaluations unless specifically authorised in writing by my manager. I will report to my manager any approach by an outside party attempting to gain such information. In addition, I will immediately notify my Manager of any potential Conflict of Interest associated with my employment or involvement with this evaluation.

The information to be held in strict confidence includes, but is not limited to:

- business terms and conditions and commercial information (if any),
- individual Contractors, own ideas and plans (technical, project execution, business, and contractual) and
- relative standing of Contractors.

I am aware that APA Group considers all information regarding bidder's proposals and the reviews of the proposals strictly confidential and that all tender evaluations will be conducted in a fair and unbiased manner.

During the tender and evaluation phase, I will:

- not accept or agree to accept in the future any rewards, favours, gifts or entertainment from a Contractor, Subcontractor or Supplier, or its representatives, involved with this Project,
- avoid unnecessary contacts and discussions, particularly social contacts, with representatives of a Contractor, Subcontractor or Supplier involved on this Project and
- inform my manager of any questions related to business ethics arising during the Project.

After contract award, I understand that the information will continue to be confidential and that disclosure of any information to any persons, including but not limited to non-company personnel, contractor's personnel, and any third parties would require my manager's approval.

I understand that breach of these requirements may result in disciplinary action up to and including termination of my employment with the APA Group.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Name (Type or Print)

\_\_\_\_\_  
Date