



PROCUREMENT POLICY

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1. INTRODUCTION

This document is the Hughenden Irrigation Project Corporation (“HIPCo”) Procurement Policy. The Policy sets out the governance framework for HIPCo during the development of the Detailed Business Case (DBC) and progression towards a ‘shovel’ ready state. The associated Procedures detail how HIPCo will comply with this Policy, Grant Deed requirements and always maintain high levels of probity.

HIPCo is a private company, however, the Commonwealth of Australia is fully funding the development of the DBC and activities to progress the Hughenden Irrigation Project (“HIP”) to a ‘shovel’ ready state through the National Water Infrastructure Development Fund (“NWIDF”). As such, it is incumbent on HIPCo to expend this public funding in an efficient and effective manner, as if it were a public agency. There is also the need to deliver the DBC in a relatively short timeframe, to a high standard and be compliant with Building Queensland’s (“BQ”) Business Case Development Framework (BCDF).

2. POLICY

HIPCo has adopted the following procurement principles for the management of public funds, delivering the Grant Deed outcomes and being accountable to the public:

1. ‘Value for money’ – lowest price will not necessarily be the best value for money
2. ‘Fairness’ – no unfair advantage or disadvantage will be entertained
3. ‘Confidentiality’ – Commercial in Confidence will always be maintained
4. Leverage on existing knowledge obtained during PBC to expedite outcomes
5. Engage local suppliers where they are suitably qualified and can add direct value to achieving the aims of the project
6. Probity – the highest standards of probity must be adopted
7. Accountability and transparency

Noting that the following will need to be achieved

- Reduce unnecessary administrative burden for all parties
- Encourage appropriate innovation and responsiveness in the supplier market
- Ensuring appropriate competition and contestability, including peer reviews where appropriate
- Procurement processes are efficient and timely given the tight timeframes
- Undertaking procurement in accordance with the relevant legislation, policy and any mandatory requirements
- Acting (actual and perceived) in an ethical manner including minimising (or appropriately managing) any declared or perceived conflicts of interest.

2.1 Value for money

Value for money means considering all aspects of the procurement, not just cost. For HIPCo there is a need to minimise risk around delivery of the DBC, which must be of a high quality, be robust and be delivered in accordance with Grant Deed requirements, in particular the DBC must meet BQ BCDF requirements and Grant Deed milestone deliverables and timelines. As such, reputation for quality, experience, and capacity to deliver cannot be compromised. The Value for Money objective can only be achieved by engaging a primary contractor that can clearly demonstrate their

ability to deliver the required outcome with Terms and Conditions of engagement that support HIPCo's position and be within the allocated budget.

2.2 Fairness

All suppliers are treated fairly in an open and transparent manner and have access to the same information at the same time.

2.3 Confidentiality

The commercial interests of Service Providers must be protected. Confidentiality information provided must remain confidential, particularly commercially sensitive information such as: cost; methodology; resources; sub-consultants; innovative approaches.

2.4 Leverage existing knowledge

It is critical that key resources involved in the development of PBC are also utilised in the development of the DBC. Public funds were committed to the PBC and this money should not need to be spent again. Thus critical knowledge will be maintained and utilised to expedite the project objectives.

2.5 Local suppliers

Although the expenditure on local service providers will likely be modest during the DBC state, opportunities will be sought for the project to support the local and regional economy where possible.

2.6 Probity

The word "probity" is often used in a general sense to mean "good process." A Procurement process that conforms to the expected standards of probity, is one in which clear procedures that are consistent with the Procurement Policy and legislation are established, understood and followed. These procedures need to consider the legitimate interests of service providers and ensure that all potential service providers are treated equitably.

HIPCo procurement activities will be performed with integrity and in a manner able to withstand the closest possible audit scrutiny (Public Scrutiny).
HIPCo representatives will always conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- abide to HIPCo's procurement principles
- not seek or receive personal gain
- present the highest standards of professionalism
- always be honest and impartial
- disclose any actual, potential, or perceived Conflicts of Interest
- be able to account for all decisions and provide feedback on them
- promptly notify the CEO of any offers of bribes, commissions or other irregular approaches (no matter how small or insignificant these may seem to be).

2.7 Accountability and transparency

Accountability and transparency means being able to explain and provide evidence that this Procurement Policy with Procedures was followed and that an independent auditor can clearly identify that the process has been followed and that the process is fair and reasonable.

3. GOVERNANCE

HIPCo will ensure good governance is adopted and complied with by:

1. regularly reviewing and updating this Procurement Policy
2. applying the principle of Responsible Financial Management
3. establishing a procurement management responsibility structure, where more than one person is required for authorisation and payment of an invoice
4. establishing and implementing a Delegation Framework
5. monitoring compliance of Procurement process through monthly financial reporting and financial audits
6. appointing a probity officer to oversee all tender contracts, management appointments and any procurements where there is any actual, potential, or perceived Conflicts of Interest

3.1.1 Responsible Financial Management

The principle of responsible financial management will be applied to all procurement activities. To give effect to this principle, the availability of funds within the approved budget must be established prior to the commencement of any procurement actions.

HIPCo must not authorise expenditure of funds in excess of their financial delegation.

HIPCo must not disclose allocated budgets to Service Providers.

Grant funds must be used efficiently and effectively to procure goods and services and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.