

#### **Fiona Toogood**

From:

Fiona Toogood

Sent:

Thursday, 21 September 2017 5:32 PM

To:

Maria Gates

Cc:

Bryony Hilless (Bryony.Hilless@dsd.gld.gov.au)

Subject:

FW: Procurement: Priority guidance for CEO Leadership Board consideration out of

session

Attachments:

local benefits - Final - 08-09-17.docx; Local Guide - Final - 8-09-17.docx; Probity

and integrity in procurement - Final - 08-09-2017.dog/x; VFIV - Final

08-09-2017.docx; Leadership Board BN 07-09-2017 - Priority Guides v5.docx

Hi Maria

One for BSP to review and provide advice regarding if DSD supports the attached.

Sorry for the delay in getting this to you. It would be appreciated if the response govid be back by midday Friday 22 September.

Thanks

Fi

From: Dave Stewart [mailto:david.stewart@premiers.qld.gov.au]

Sent: Wednesday, 20 September 2017 2:13 PM

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Subject: Procurement: Priority guidance for CEO Leadership Board consideration out of session

Good afternoon

As discussed at Leadership Board, please find attached for your consideration procurement guidance material.

It is recommended that the Leadership Board:

- approve out of session, the attached guidance material (the guides and factsheet) which will assist government buyers to implement the revised Queensland Procurement Policy (QPP)
- note the consultation process associated with developing the guides
- · agree that the Queensland Government Procurement Committee will endorse future guidance material.

If you have any comments on the guides, please provide these to Megan Collins, Director – Strategy and Policy, Office of the Chief Advisor – Procurement at <a href="mailto:megan.collins@hpw.qld.gov.au">megan.collins@hpw.qld.gov.au</a>, as soon as possible, but no later than Friday 22 September 2017.

If further information is needed, please contact Megan on 07 3215 3542.

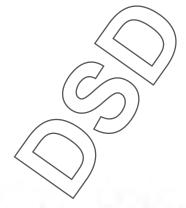
#### Regards



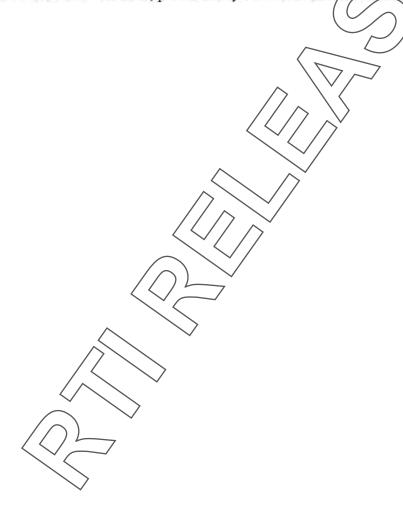
#### **Dave Stewart**

Director-General
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#### Michael Schaumburg

From:

Michael Schaumburg

Sent:

Thursday, 21 September 2017 7:04 PM

To:

Fiona Toogood

Subject:

Fwd: Procurement: Priority guidance for CEO Leadership Board consideration out of

session

Attachments:

local benefits - Final - 08-09-17.docx; ATT00001.htm; Local Guide - Final)-8-09-17.docx; ATT00002.htm; Probity and integrity in procurement Final -08-09-2017.docx; ATT00003.htm; VFM - Final - 08-09/2017,docx; ATT00004.htm;

Leadership Board BN 07-09-2017 - Priority Guides v5 docx; ATT00005.htm

Pls print to review in hard copy.

Regards

Michael Schaumburg

Director-General

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Regards

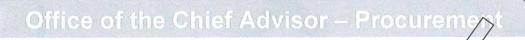
#### **Dave Stewart**

Director-General
Department of the Premier and Cabinet

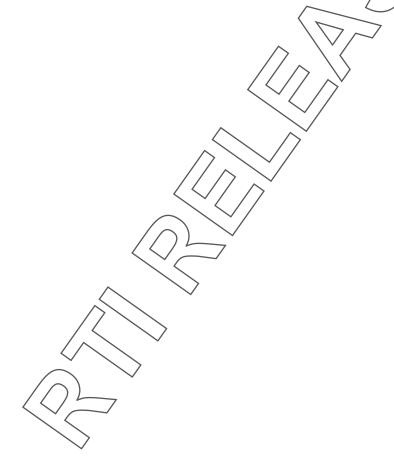
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# Local benefits test



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#### Local benefits test

The State of Queensland (Department of Housing and Public Works) 2017



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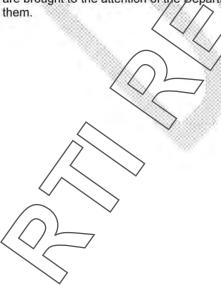
#### Contact us

The Office of the Chief Advisor – Procurement is committed to continuous improvement. If you have any suggestions about how we can improve this guide, or if you have any questions, contact us at <a href="mailto:betterprocurement@hpw.qld.gov.au">betterprocurement@hpw.qld.gov.au</a>

#### Disclaimer

This document is intended as a guide only. It should be read in conjunction with the Queensland Procurement Policy, your agency's procurement policies and procedures, and any other relevant documents.

The Department of Housing and Public Works disclaims all liability that may arise from the use of this document. In preparing this document, reasonable efforts have been made to use accurate and current information. Users of this document should, however, note that information may have changed since its publication. Where errors or inaccuracies are brought to the attention of the Department of Housing and Public Works, a reasonable effort will be made to correct them.



### Local benefits test

#### 1. What the Queensland Procurement Policy requires

The revised Queensland Procurement Policy (QPP), clauses 1.1 and 2.1, requires that a local benefits test be undertaken, for all significant procurement<sup>1</sup>, as part of the value for money assessment. It allows for a weighting of up to 30 per cent to be applied.

#### 2. What is the intent of the local benefits test?

This is one of several new provisions under the Queensland Procurement Policy 2017 designed to support the Queensland Government Procurement Strategy and improve accessibility to government procurement opportunities for local suppliers.

It forms part of the Queensland Government's commitment to:

- more broadly consider value for money, acknowledging that it goes beyond choosing the cheapest price
- ensure capable and competitive local suppliers, including Queensland suppliers and small businesses, are given a full, fair and reasonable opportunity to supply government.

The purpose of the test is to evaluate the benefits that any supplier would bring to the local area. The origin of a supplier is not relevant; what is important is the benefit that a supplier can bring locally. For example, a supplier who is located outside the local area could still provide a benefit by using a local workforce or by using local businesses in the supply chain.

# 3. What do government agencies need to do?

Agencies should amend their procurement procedures to include the local benefits test as part of their significant procurement activities. Agencies can identify within their agency procurement plans opportunities to incorporate the local benefits test. Agencies are also encouraged to specify benefits that are relevant to their agency's operations and business, where possible.

Category councils should, where applicable, provide advice on how the local benefits test is integrated within their categories. This can include a consistent approach to application and weightings.

Procurement professionals need to address the local benefits test as part of the value for money assessment for all significant procurement activities.

# 4. What exactly is a local benefits test?

A local benefits test is a weighted evaluation criterion used to determine the benefit a supplier will bring to the local area.

The local area is defined as being within a 125-kilometre radius of where the procured good and/or service is to be supplied. If required, application of the test can be extended to the local region or

<sup>&</sup>lt;sup>1</sup> A significant procurement includes goods and services identified by the agency as being of high expenditure and/or for which there is a high degree of business risk.

Queensland (e.g. the test could be extended to cover all of Queensland for a whole-of-government supply arrangement).

The type of benefits a supplier can bring will vary from procurement-to-procurement. Therefore, agencies are to identify what benefits are appropriate during the planning stage and incorporate these into the subsequent stages of the procurement process.

A local benefit may include things like:

- · Engagement of suppliers who employ a local workforce
- Training and upskilling of a local workforce, and increasing opportunities for local apprentices
- Using local businesses, such as sub-contractors and manufacturers, along with other local suppliers within the supply chain who use a local workforce
- Engaging with particular types of suppliers, such as small and medium sized enterprises (SMEs), Aboriginal businesses or Torres Strait Islander businesses, or social enterprises who use a local workforce.

In selecting the type of benefits to be pursued, agencies should be mindful that the information requested from suppliers is not unduly onerous and is proportionate to the scale of the procurement being undertaken.

A local benefit should also be one that can be readily identified, evaluated, measured and reported on by the supplier. In applying the test, agencies are not expected to undertake detailed financial modelling or economic analysis.

# 5. How to integrate the local benefits test into the procurement process

The following section steps out a suggested approach to integrating the local benefits test within the procurement process. It covers three stages:

- Planning
- Tender and contracting
- Managing contracts.

A simple worked example applying the local benefits test is provided at the end of this fact sheet.

Appendix 1 contains indicative weightings for local benefits that might be used for each region, by category.

#### Planning

As part of the planning process, identify what benefits are appropriate to include as part of the procurement. This includes understanding what will represent value for money for the procurement, taking into account any targets and commitments of the government. The benefits ultimately chosen will also be heavily influenced by the good/service being procured, and the characteristics of the supply market. For example, the construction of a new building may provide an opportunity to use a local workforce and local sub-contractors.

#### Tender and contracting

Include the benefits as part of the tender documentation and tender response forms. The specification should clearly detail the types of benefits that are being sought through the procurement, and include them as part of the evaluation criteria.

As part of this stage the tender evaluation plan should also be completed. This should detail the criteria and weightings which will be used. Make sure what Is being asked of suppliers can be practically evaluated and will not improperly affect the outcome.

The supplier responses to the local benefits test should be considered as part of the evaluation process and determining the best value for money outcome.

#### Managing contracts

The supplier's undertakings should be included as part of the resulting contract if appropriate (e.g. if the supplier has undertaken to use certain sub-contractors).

Key performance indicators can also be set that are related to the local benefits test. These can then be monitored as part of the contract management process.

#### 6. Other considerations relevant to the local benefits test

#### Who determines what type of benefits will be included in a procurement process?

The agency procuring the goods and services ultimately decides what type of benefits are included in a procurement process. This should include, but not be limited to the following considerations::

- Applicable government targets and commitments
- Relevant category strategies and agency procurement planning which may provide direction on the types of benefits to be pursued
- Input from internal clients and other relevant stakeholders as part of the early engagement and the planning process
- Analysis of the available supply market, and the type of good/service being procured.

# What weighting should be applied to the local benefits test?

The Queensland Procurement Policy allows a weighting of up to 30 per cent to be applied.

It is not mandatory to apply a 30 per cent weighting, nor is there any minimum mandatory weighting. Rather, agencies have the flexibility to apply a weighting as appropriate to the procurement at hand. Agencies will need to determine, as part of the planning process, what weighting is appropriate relative to the other criteria, and what will help to ensure a value for money outcome.

Appendix includes a guide for application of local benefits weightings by sub-category and location. It is effered as a starting point for consideration of an appropriate weighting.

#### Are there situations where the local benefits test cannot be applied?

Agencies can choose to not apply the test in situations where it is not appropriate to do so (e.g. when dealing with a niche market with no Queensland presence). In these situations, agencies should document the reason(s) why a local benefits test was not pursued.

# Worked examples of the local benefits test

Below is a hypothetical example of how the local benefits could be applied relative to other evaluation criteria.

<u>Example 1:</u> A government agency is undertaking a procurement process to engage a supplier to construct a new building.

During the planning stage, the agency has looked at both what is required and the available supply market to determine what to include in the local benefits test. While their analysis has shown that it is likely that a single prime contractor will be engaged, they have also identified that there are opportunities for this prime contractor to use local sub-contractors, manufacturers and engage other local businesses within the supply chain. There is also the option of the successful contractor using a local workforce to deliver the construction phase.

The agency has then compared this information relative to the other criteria it needs to assess. Given the significant potential to progress several local benefits the agency has assigned the maximum weighting of 30 per cent to the test for this procurement.

Evaluation Criteria	Weighting /	Comments
Supplier experience and capability	20%	The supplier will be evaluated on their overall experience and capability in delivering similar past projects.
Project management	/10%	The supplier will be evaluated on their processes related to project management and service delivery.
Local benefits	30%	The supplier will be evaluated on their:  Use of local sub-contractors  Use of local manufacturers and other local businesses in the supply chain  Engagement of a local workforce during the construction phase.
Price	40%	The supplier will be evaluated on their offered price.

# Appendix 1 – Guide for the application of local benefits weightings

[for update by category councils]

	BCM		GGS						ICT <sup>2</sup>				Medical	Social Services	TIS
Region	Building	Maintenance	Travel <sup>1</sup>	Utilities	Professional Services	Contingent workforce	Marketing and print services	Employee services	Telecoms	Software	Hardware	161 services			
Far North Qld	20 – 30	20 – 30	0	We procure Qld based energy	20 – 30	20 – 30	Agencies can and do procure local print services. Marketing mainly based in SEQ	We procure Qld based providers	0	5 - 10	5-10	\$.40	To be determined by Health Services Queensland on a subcategory basis	20 - 30	To be determined by TIS
North Qld	20 – 30	20 – 30	0		20 – 30	20 – 30			0)	5 - 10	5 - 10	5 - 10		20 - 30	
Central Qld	20 – 30	20 – 30	0		20 – 30-	20 – 30		11	0	5 - 10	5 - 10	5 - 10		20 - 30	
South West Qld	20 – 30	20 – 30	0		20 – 30	20 – 30			>0	5 - 10	5 - 10	5 - 10		20 - 30	
South East Qld	0 - 20	0 - 20	0		0 - 20	0 - 20		2	0	5 - 10	5 - 10	5 - 10		0 - 20	

#### Notes

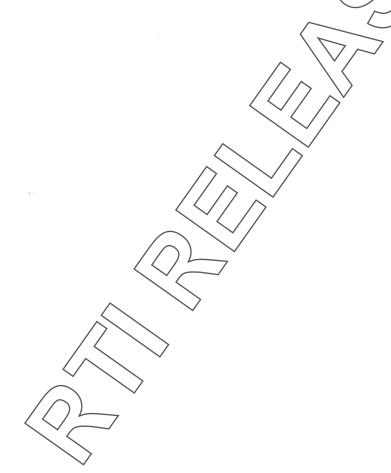
1 Accommodation already is local

2 Note ICT category already applies a 10% weighting as part of the ICT SME Participation Scheme

# Optimising opportunities for local suppliers

Office of the Chief Advisor - Procurement

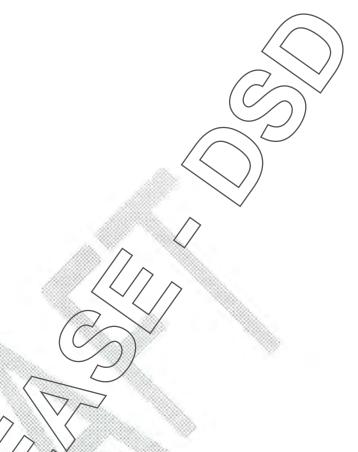
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Optimising opportunities for local suppliers

The State of Queensland (Department of Housing and Public Works) 2017



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#### Contact us

For more information, please email the Office of the Chief Advisor - Procurement, Queensland Government Procurement, Department of Housing and Public Works:

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# About this guide

Every year the Queensland Government spends billions of dollars procuring a wide range of goods and services needed for the delivery of front-line services. In addition to delivering these goods and services, this expenditure can support local jobs and businesses.

The Queensland Government Procurement Strategy has outlined its vision for procurement — Backing Queensland Jobs — and the objectives which underpin this vision. This is complemented by a range of new provisions within the revised Queensland Procurement Policy (QPP) which are designed to maximise Queensland supplier access to supply opportunities.

# Guidance to support the Queensland Government Procurement Strategy

To support the new Queensland Government Procurement Strategy, the Office of the Chief Advisor – Procurement, has released a range of new guidance materials. These guides cover a range of actions and ideally should be read together. These materials are:

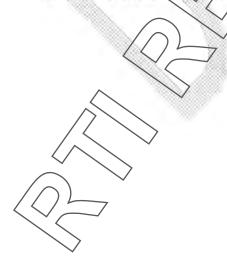
- Putting Queenslanders first when securing value for money
- Probity and integrity in procurement
- Optimising opportunities for local suppliers
- Local benefits test.

# Purpose of this guide

This guide provides practical hints and tips for government buyers to optimise opportunities for Queensland businesses, so that capable and competitive suppliers have full, fair and reasonable opportunity to supply government. This is consistent with clause 2.1 of the QPP.

It is divided into two parts:

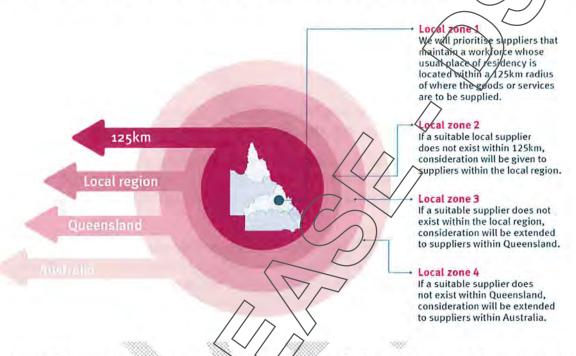
- Part A. Provides an overview on revised definition of a local supplier within the revised QPP.
- Part B. Identifies ways in which agencies can ensure full, fair and reasonable opportunity for local suppliers during the procurement process.



# Part A: Revised definition of a local supplier

The QPP defines a local supplier as:

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 (km) radius of where the good or service is to be supplied. If a capable local supplier does not exist within the 125 km radius, the radius should be extended progressively to the local region then Queensland, then Australia, until a suitable supplier is identified.



The key point regarding this definition is that it is a supplier's workforce, and their usual place of residency, which is the determining factor. Where a supplier is owned or headquartered is irrelevant.

In applying this definition, it is important that a common sense and practical approach is taken. This is particularly the case where the radius is progressively extended to the local region, Queensland and Australia. For example, the radius may be extended:

- to the region where a value for money outcome cannot be secured within the local area (that is, there is no capable local supplier or acceptable value for money outcome)
- to the whole of Queensland where an agency is putting in place a state wide common use supply arrangement.
- for procurements where regional boundaries coincide or are close to the state borders, professional judgment should be used to determine the most suitable region.

Ultimately, when applying the definition, government agencies and Government buyers should ensure that the intention of this definition – to support genuinely local workforces – is reflected.

#### What is a local region?

Many agencies will already have formal regional boundaries in place that can be used to quickly identify the local region where the goods or services are to be supplied.

Agencies without predefined regional boundaries may consider using the Australian Bureau of Statistics *Statistical Areas Level 4* regional classification. More information can be found at www.ggso.gld.gov.au/products/maps/gld-sa4-asgs-2016/index.php.

# Part B: How to optimise opportunities for local suppliers

# How the approach varies based on value and risk

The approach taken to any procurement will often depend on the nature of the procurement at hand. This includes:

- · low value and low business risk purchases
- procurements that are assessed as being high value and/or have a high degree of business risk.

#### Low value and low business risk purchases

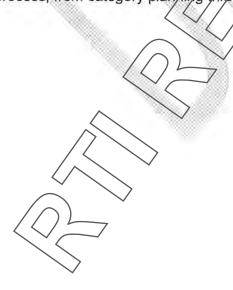
In these instances, Government buyers should check whether a whole-of-government commonuse supply arrangement or departmental standing offer arrangement already exists.

A competitive tendering process has already been run to establish these supply arrangements. These may have already identified suppliers who have offices and/or/staff based in local areas. Check on the Queensland Contract Directory [link] or talk to the lead agency category team to find out what is available.

Alternatively, the revised QPP (clause 5.3) does allow Government buyers to depart from using common-use supply arrangements where the good or service is to be supplied in regional and remote Queensland. In this way, an agency can simply obtain the required number of quotes from local suppliers. This approach can also be taken where there is no common-use arrangement for the required good/service.

#### High value and/or high business risk procurements ('significant procurement')

This remainder of this guide primarily focuses on significant procurement. Maximising opportunities for local suppliers in these situations requires a considered approach across the procurement process, from category planning through to the go to market and contract management phases.



#### Planning

#### Category planning

Queensland Government segments its procurement expenditure into six categories. Each of these strategies target a whole-of-government approach to the buying and management of key areas of expenditure. In addition, the lead agencies for these categories typically set up whole-of-government common-use supply arrangements, and have strategies in place to maximise opportunities for local suppliers.

The six categories are:

- Building Construction and Maintenance led by the Department of Housing and Public Works
- General Goods and Services led by the Department of Housing and Public Works
- ICT led by the Department of Science, Information Technology and Innovation
- Medical led by Queensland Health
- Transport and Infrastructure led by the Department of Transport and Main Roads
- Social Services led by the Department Communities, Child Safety and Disability Services.

#### **Forward Procurement Pipelines**

Each lead agency category team is required to coordinate with other relevant budget sector agencies and produce a forward procurement pipeline which shows all key procurement activity that is expected to occur over at least the next 12 months (refer clause 1.6 of the QPP).

Forward planning is especially important for procurement in regional and remote communities. Working across agency boundaries to plan well in advance for work in regional areas, especially building construction and maintenance related activity, can help ensure there is a continual supply of work that enables ongoing, stable employment in regions. It can also help reduce costs for government.

Suppliers who are interested in supplying government can use these pipelines to identify future opportunities. These pipelines are available online [insert link].

#### Engage with industry and undertake supply market analysis

Engaging early with industry can result in a better outcome for both government buyers and suppliers. Talking to industry about the objectives being sought in procurement activity, along with the problem to be solved, can help drive innovation, enable collaboration in the solution design, and contribute to improved procurement and service delivery outcomes.

This engagement is also important to ensure that capable suppliers are available, particularly in smaller regions, where they may already be committed to other work. This can also be used to smooth peaks and troughs in government work and can mean the difference between being able to have a capable local supply market readily available or not.

This engagement may also be supplemented via independent supply market analysis and research. This will help the agency to understand the capability and capacity of the supply market and its ability to respond.

#### Is early market engagement consistent with the QPP and probity?

Provided it is properly conducted early engagement is consistent with the QPP and does not breach probity. For more information on this refer to our guide on Probity, integrity and accountability in procurement [insert link].

#### Things you can do:

· Hold a 'meet the buyer' forum.

Sometimes called 'reverse trade shows', events like this bring government buyers and suppliers together. They allow government to broadly outline its needs and give suppliers an immediate opportunity to ask questions. Suppliers can also use these sessions to make connections with each other, which can facilitate future joint-venture, sub-contracting and collaboration opportunities.

Consider local benefits

Government buyers should consider any benefits that suppliers would bring to the local area. The type of benefits a supplier can bring will vary from procurement-to-procurement. Therefore, agencies will need to identify what benefits are appropriate during the planning stage and incorporate these in subsequent stages of the procurement process. Further guidance on this test is separately available link.

Understand and eliminate barriers to participation.

Supply market analysis and industry engagement can also help to identify ways to ensure that suppliers are able to fully participate by eliminating any barriers to participation (e.g. how tenders are packaged and released to the market; excessive tender and insurance requirements).

Source information from other agencies.

To provide full, fair and reasonable opportunity to local suppliers to tender for work, agencies should consider the most appropriate method of attracting local suppliers in the planning of the procurement (e.g. industry associations; ICN Gateway; advertising; etc.).

For further advice consult your nearest Department of State Development office.

· Consider supplier development initiatives.

Working with suppliers as part of a development program to improve their performance and capabilities not only has benefits for the procuring agency (improved goods/services, better delivery timeframes), but can also work to build capacity and resilience within the supply market.

Departing from common use supply arrangements

Agericies can depart from common-use supply arrangements where a good or service is to be supplied to regional or remote Queensland locations.

Departures from such arrangements, including strategies to deliver savings and benefits as a result of the agency's decision, are to form part of the agency's procurement plan, and will be disclosed and worked through collaboratively with the relevant category council.

#### Look at how work is packaged

Unbundling packages of work can often provide more opportunities for local businesses and help to support genuine local jobs.

Each procurement is different and government buyers will need to consider the relative benefits and risks associated with unbundling. Government buyers should use their professional judgement when determining if unbundling packages of work is appropriate. Consideration should be given to economies of scale and if the unbundled packages of work represents value for money. In addition, many larger contracts may include opportunities for local sub-contracting, manufacturing, or other supply chain arrangements to be put in place.

#### Things you can do:

- Consider if larger packages of work can be broken down.
   While bundling is a valid procurement strategy, bundling can sometimes act as a barrier to smaller businesses bidding for work. Breaking procurements into small components can create opportunities for smaller local businesses to tender for work.
- Use criteria to attract certain types of sub-contractors or other businesses in the supply chain
   By informing the market early that an agency is looking to increase the uptake of local suppliers, larger suppliers might use the opportunity to sub-contract with local suppliers, or include local businesses in their supply chain. The agency can indicate the importance of this criteria by making it highly desirable and require require the use of local subcontractors

Remember, the QPP now also requires the use of local contractors and manufacturers in significant Queensland Government infrastructure projects, worth \$100 million and above, wherever possible; along with the increasing opportunities for apprentices and trainees in significant Queensland Government infrastructure projects, worth \$100 million and above. This does not prevent agencies from considering the use of sub-contractors for procurements worth less than \$100 million.

Consult key stakeholders
 You should always consult with key internal stakeholders as they can provide useful insights into how the requirements might be structured and bundled. In particular, talking to stakeholders in regional areas can assist in understanding the nature of the supply market in that particular region.

#### Develop a significant procurement plan

Your pre-lender planning should culminate in the development of a significant procurement plan. This plan should ultimately collate the work undertaken and address, at a minimum:

an analysis of demand and the supply market

or other suppliers where the capability exists.

- strategies to achieve value for money, including the advancement of economic, environmental and social outcomes
- performance measures and contract management arrangements

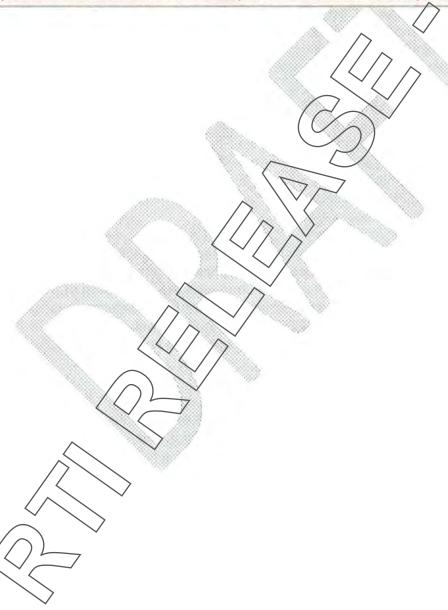
 an identification and assessment of risks related to the procurement and risk management strategies. Risk assessments address the value, complexity and sensitivity of procurements.

Your plan should also address the local benefits test and how it will be applied in your procurement. Further guidance on this test is separately available [link].

#### Remember to consider opportunities for innovation

The QPP emphasises the pursuit of innovative supply solutions, either through innovation in the procurement activity itself, or by fostering innovative solutions by suppliers.

Agencies undertaking procurement in the technology space should also remember the provisions available under the ICT SME Participation Scheme to directly engage a supplier in the provision of an innovative solution, up to the value of \$500,000. [insert link].



#### Tender and contracting

#### Making the tendering process easier

By cutting red tape and streamlining processes, it is easier and less costly for local suppliers to respond to Queensland government tenders.

Minimising delays in finalising tenders and trying as much as possible to deliver on the timeframes set out in tendering documents should be pursued. Suppliers will use those timeframes to plan for demand and resource accordingly. When timings change, this can impact on the ability of suppliers to respond competitively. Government buyers are encouraged to think carefully about tender timeframes and make it clear when there are dependencies that will impact on timelines. They are also encouraged to work with the respective lead agency category team in publishing forward pipelines of work as a staged approach, keeping the market updated and providing early visibility as things change.

Government buyers are also strongly encouraged to express the procurement objectives as outcomes rather than specifications where possible. This enables suppliers to understand what government is trying to achieve and allow them to contribute ideas and solutions for how government might best achieve the objectives rather than fixing a solution through specification that may be more expensive or not provide the best result.

#### Alert businesses to the resources available to them to prepare

Let prospective suppliers know where they can find resources to assist them to develop their capability and capacity to supply. For example, the Business Queensland website: <a href="https://www.business.gld.gov.au/tendering">www.business.gld.gov.au/tendering</a> can help suppliers understand their capability, and how government tendering works.

#### Things you can do:

- Ensure tenders are free of any specifications or requirements that could hinder or rule out opportunities for local workforces.
- Keep requested documentation to reasonable levels
   Check documentation to ensure that the questions being asked offer a fair and reasonable opportunity for all suppliers, including small and medium enterprises (SMEs).
- Carefully consider terms and conditions, including payment terms
   Consider using shorter payments terms, particularly for SMEs, to assist their business cash flow SMEs that have successfully bid and won government tenders are dependent on prompt payment for their own supply chain and sub-contractor payments. Such flexibility in payment terms still require government buyers to be diligent and ensure that invoices are checked for accuracy in line with agency financial requirements. Additionally, lowering insurance and indemnity requirements (where appropriate), and looking at reducing the complexity of the terms and conditions used for lower risk procurements, may help small businesses to participate.
- Do not 'over specify' your requirement.
   'Over specification' refers to asking for things within your tender which are not genuinely needed. Doing this can add time and cost for suppliers, act as a disincentive and can limit

the available market. It can also limit the ability of businesses to provide innovative solutions.

Consider delivery requirements.

If it is a mandatory requirement that all of a product be delivered in-full and upfront, provide a brief description as to why. Think about the supplier's capacity and capability and whether breaking packages of work into stages will offer a better overall result.

Specific brands

If a specific brand is mandatory, the agency should provide details as to why and potentially test this assumption with industry in the pre-tendering phase. Personal preference and familiarity with a specific brand is not a sufficient reason for nominating a) specific brand.

· Consider your tender timings

Be mindful about when tenders are released to the market. For example, avoid releasing tenders over the Christmas/New Year period when many small businesses have either reduced staffing or are closed.

#### Ensuring that at least one regional and one Queensland supplier are invited

The QPP (clause 2.1) requires that at least one regional and one Queensland supplier are invited to quote or tender for every procurement opportunity.

The procurement method and approach to market must therefore align with this requirement, with a common sense and pragmatic approach taken to implementation. For example:

- A procurement approach to market which will invite three suppliers, must ensure that at least one of the suppliers invited is from Queensland, and at least one is regional where possible.
- An open tender method where any supplier can tender would satisfy the MP's
  requirements. Government buyers should still seek to notify local suppliers about the
  available supply opportunity.

It is important that a common sense and practical approach is taken when locating regional and Queensland suppliers. Suppliers should be capable and have capacity to deliver the good or service and offer value for money, and appropriate probity of process should be observed. If such suppliers do not exist or are not suitable, the requirement to expand the supplier search should be documented.

Agencies/should ensure that procurement procedures are updated to include this requirement.

#### Evaluation of supplier offers

Value for money is the primary principal for the QPP. In determining value government buyers need to look beyond up-front costs. Further guidance on value for money is available [insert link].

To maximise opportunities for local suppliers, it is important that tender evaluation processes focus on all relevant factors, meaning that you not only get the best value for money outcome possible, but that the benefits that local suppliers can bring (e.g. lower delivery costs, localised support services) are also fully considered.

#### Things you can do:

- Ensure that the value for money assessment includes the following (where appropriate):
  - Whole of life cost
  - Disposal costs
  - Environmental aspects
  - Social benefits to local communities
  - Support
  - Maintenance cost
  - Supply chain cost and distance
  - Storage
  - Delivery
  - Warrantees.
- Ensure that any supplier undertakings regarding local area benefits (e.g. use of local sub-contractors) are captured in the resulting contract and/or key performance indicators.

#### Make sure you give suppliers feedback

For suppliers, responding to government tenders can be difficult and time consuming. Make sure you provide helpful feedback to unsuccessful suppliers so that the supplier can improve future responses.

# Contract management

Effective contract management is integral to realising the value of good planning and procurement. As such, the main focus is to ensure that local benefits recognised in the planning stage, sought through tender, then reflected in the contract, are subsequently delivered upon during the term of the contract.

At the end of the contract, local engagement performance must be included as part of the overall contract review process. The information gathered as part of the contract review will assist in identifying areas for improvement and will form the basis for the decision as to whether the contract should be renewed or extended.

Before deciding if the contract (arrangement) was a success, and should be renewed or extended it is important to:

- review performance against the agreed key performance indicators
- determine whether the desired local engagement objectives have been met
- find out whether the local engagement objectives may have changed from the original intent of the strategy
- document findings and lessons learned, as this information will be used in the planning stage for future procurement strategies.

For further guidance on contract management process and how to effectively manage contracts, refer to Queensland Government Procurement Contract Management Framework [insert link].

# Probity and integrity in procurement

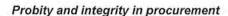
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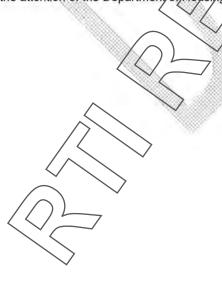
#### Contact us

The Office of the Chief Advisor – Procurement is committed to continuous improvement. If you have any suggestions about how we can improve this guide, or if you have any questions, contact us at <a href="mailto:betaerrocurement@hpw.qld.gov.au">betaerrocurement@hpw.qld.gov.au</a>.

#### Disclaimer

This document is intended as a guide only. It should be read in conjunction with the Queensland Procurement Policy, your agency's procurement policies and procedures, and any other relevant documents.

The Department of Housing and Public Works disclaims all liability that may arise from the use of this document. This guide should not be used as a substitute for obtaining appropriate probity and legal advice as may be required. In preparing this document, reasonable efforts have been made to use accurate and current information. It should be noted that information may have changed since the publication of this document. Where errors or inaccuracies are brought to the attention of the Department of Housing and Public Works, a reasonable effort will be made to correct them.



# Introduction

Principle 3 of the Queensland Procurement Policy (QPP) outlines the government's requirements and expectations about integrity, probity and accountability within procurement.

Under this principle it is expected that we:

- respect the trust place in us on behalf of the community
- are accountable for delivering timely outcomes using public resources
- · ensure our decisions are transparent and defensible
- · meet expected standards of probity and accountability.

The QPP also makes clear the government's expectation that:

- · high standards of integrity and probity must always be observed
- · accountability for decisions made must be demonstrated
- probity must be part of the procurement culture and not a standalone consideration.

The QPP provides a number of specific requirements which agencies covered by the policy are to enact. These include:

- · observing applicable legislation, policies, agreements and industrial instruments
- ensuring that appropriate governance mechanisms for procurement are in place (including systems to manage conflicts of interest and complaints)
- ensuring that procurement processes and defensible and appropriately documented, and that decisions are able to withstand public scrutiny and preserve confidence in the process.

The QPP also requires agencies to integrate probity within their procurement frameworks. To improve transparency the QPP also requires agencies (apart from government owned corporations, which have their own quarterly reporting requirements to shareholding ministers) to disclose details for awarded contract valued at \$10,000 and over (this requirement is separately covered by the Procurement Guidelines: Contract Disclosure<sup>1</sup>).

# Guidance to support the Queensland Government Procurement Strategy

To support the new Queensland Government Procurement Strategy, the Office of the Chief Advisor – Procurement, has released a range of new guidance materials. These guides cover a range of actions and ideally should be read together. These materials are:

- Putting Queenslanders first when securing value for money
- Probity and integrity in procurement
- Optimising opportunities for local suppliers
- Local benefits test.



Available online at: http://www.hpw.qld.gov.au/SiteCollectionDocuments/ProcurementGuideContractDisclosure.pdf.

### How to use this guide?

This guide is designed to help procurement officers to understand and implement to probity requirements into their procurements practices, as contained under Principle 3 of the QPR. In doing so, this guide has been structured in two sections:

- Section A provides an overview on why probity must be part of your procurement culture.
- Section B focuses on how to deal with probity in certain situations.

This guide should be read in conjunction with your agency's policy, procedures and guides on procurement, as well as the current requirements under the QPP.

# **Definition of probity**

Probity is evidence of ethical behaviour in a particular process. For Queensland Government procurement, demonstrating probity means more than just avoiding corrupt or dishonest conduct. It involves proactively demonstrating that any procurement process is robust and the outcome beyond reproach. Probity requires acting in ways so that there can be no perception of bias, influence or lack of integrity. This requires ethical conduct that exceeds the legal requirements.

To this end probity within procurement should not be a last-minute add-on, but must be integrated into all stages of the procurement process.

#### What does the QPP mean when it says that probity should not be overemphasised?

The QPP clearly states that high standards of integrity and probity must be observed at all times. Achieving the best value for money outcome must occur in a way that maintains these standards.

However, probity should not be used as an unreasonable barrier to undertaking appropriate and legitimate procurement practice. For example, there are ways to appropriately engage with the supply market and still maintain probity of process. Clear probity guidelines can enable rather than inhibit interaction with the supplier and can facilitate more interactive tender processes.

Ultimately it is important that probity of process is observed and is applied relative to value and risk.

# Probity - the proader context

Queensland Government employees should be aware that their actions are also covered by the *Public Sector/Ethics Act* 1994<sup>2</sup>, along with the Code of Conduct for the Queensland Public Service<sup>3</sup>.

Under the Act employees are to observe the following ethical principles:

- integrity and impartiality
  - promoting the public good
  - commitment to the system of government

<sup>&</sup>lt;sup>2</sup> Available online at: https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/P/PublicSecEthA94.pdf.

<sup>&</sup>lt;sup>3</sup> Available online at: <a href="https://www.forgov.qld.gov.au/code-conduct-queensland-public-service">https://www.forgov.qld.gov.au/code-conduct-queensland-public-service</a>.

accountability and transparency.

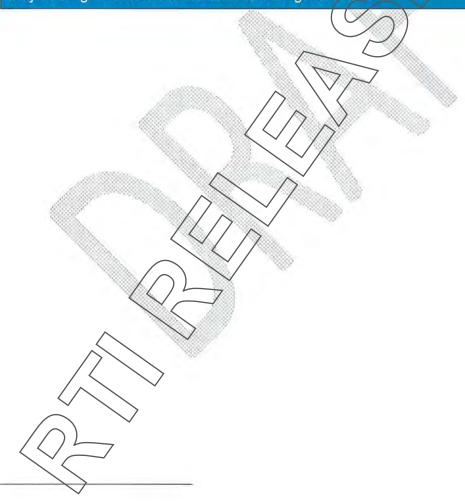
The Code of Conduct for the Queensland Public Service elaborates on these principles. It is strongly recommended that you are familiar with the requirements under both the Act and Code of Conduct. You should also check whether your agency has specific policies and procedures that govern the area of ethics and probity.

Under the *Integrity Act 2009* designated persons can seek confidential advice from the Integrity Commissioner on an ethics or integrity issue, including any conflict of interest/issue.

#### Probity and how it helps achieve value for money

To help achieve value for money it is important that competition between suppliers is maximised, and that suppliers are willing to put forward their best possible offer. To enable this, it is important that suppliers have confidence that the procurement process is robust and beyond reproach.

Prospective suppliers may be disinclined to put their best offer forward, or may not make an offer at all, if they perceive that the procurement process is being conducted improperly. This may mean that government misses out on the best value for money offer it could have got. It can also have the effect of lessening competition between suppliers over the longer term as suppliers may no longer seek to do business with the government.



<sup>&</sup>lt;sup>4</sup> Section 15(3) of the Integrity Act 2009 currently requires that a senior executive or senior officer must get a signed authority from the chief executive before seeking advice from the Integrity Commissioner.

# Section A: Making probity part of procurement culture

Probity needs to be part of the procurement culture, not a standalone consideration. To do this it is important that both individual officers and government agencies take responsibility to embed this culture by:

- Individual officers need to ensure that their adherence to probity moves beyond simple compliance, and proactively demonstrates integrity.
- Agencies need to ensure that their governance, procedures and processes are robust and properly integrate probity. They also need to detail and clearly set out the behaviour expected of employees. Agencies that implement a probity oriented culture are less likely to have probity issues arise.

To put this into practice both individual officers and agencies should look at the four focus areas outlined in this section and incorporate the actions set in each focus area. For officers this should be incorporated into day-to-day practice, while for agencies this should be incorporated in agency procurement procedures and frameworks. The four focus areas are:

- 1. Fairness and impartiality
- 2. Accountability and transparency of decisions and process
- 3. Conflict of interest management
- 4. Managing probity relative to value and risk

#### Other things agencies can do to create a probity culture

The Crime and Corruption Commission Queersland has issued a corruption prevention advisory in relation to procurement and contract management.

It is recommended that agencies also review and incorporate this advisory into their procurement procedures and guidelines. It includes information on:

- the implementation of clear and effective governance arrangements
- informing suppliers about public sector values and ethics, and their responsibilities
- procurement-related structures and systems
- training and awareness.

This resource, if read and implemented collectively with this guide, provides a solid basis on which an agency can build a probity culture.

Source: Crime and Corruption Commission Queensland (2016). *Corruption Prevention Advisory:*Procurement and contract management. Available online at: <a href="http://www.ccc.qld.gov.au/research-and-publications/cuc/prevention-advisories/corruption-prevention-advisories">http://www.ccc.qld.gov.au/research-and-publications/cuc/prevention-advisories/corruption-prevention-advisories</a>.



### 1. Fairness and impartiality

This focus area involves ensuring that everyone involved in the process is treated the same – that no supplier is given an advantage or discriminated against.

#### Planning

· All tender documentation should be clear and unambiguous.

This should include the conditions of tender, tender evaluation of teria and the proposed conditions of contract. In particular mandatory criteria should be distinctly identified from desirable criteria. Ensure that any mandatory criteria are legitimately required and are as limited in number as possible.

Specifications must be free from bias or favouritism.

Ensure that specifications are not written to elicit a certain outcome from the tender process, or include requirements which are not genuinely needed and thereby prevent certain suppliers from tendering. Seek to develop supplier agnostic specifications.

· Government agencies should always use an appropriately competitive process.

The type of procurement method used (open selective or limited) must be justifiable and documented, and should facilitate the delivery of the best procurement outcome. For example, when considering whether to use a limited or selective method, you should comply with the specific requirements of QPP and follow your agency's procurement procedures to ensure it is justifiable and defensible to use this procurement method.

#### Go to market

All prospective suppliers should be given the same time to respond to a tender.

Ensure all suppliers have the same closing date and time by which to submit an offer. If this changes, information about the change must be given to all suppliers to ensure equal access of opportunity.

 All prospective suppliers should have the same level of access to materials and information during the tender process.

Responses to requests for information or clarification from any supplier which may materially assist them should be de-identified with any supplier confidential information removed and provided to all prospective suppliers.

Evaluation methodology and criteria weightings should be documented and decided upon before suppliers are invited to submit offers.

If any alteration to the agreed evaluation process is required this must be communicated to all suppliers participating in the process. In turn, all suppliers must be allowed adequate time to respond to this change – this may require an extension to the closing date/time or, in some circumstances, cancellation of the current process and the commencement of a new process.

#### Evaluation

Evaluation of supplier offers must occur against the documented criteria and be objective.

Each supplier's offer must be afforded due consideration free from any preconceived ideas or bias. Information used to evaluate a supplier must be evidence-based.

# 2. Accountability and transparency of decisions and process

This focus area aims to maintain the integrity of procurement decisions and processes.

Evaluation	Multiple officers should undertake a tender evaluation process.
panel composition	All evaluation panel members must agree on the evaluation criteria. The panel members should be briefed on the evaluation process, procedures and probity requirements prior to commencing (e.g. protocols covering how communication with suppliers is to occur).
	Where possible evaluation panel members should include Queensland governmen employees. In circumstances where an external consultant is required to form part of the evaluation panel it is prudent to request that the consultant disclose both personal and organisational conflicts of interest.
Record keeping	Keep accurate records for all stages of the procurement process.  All decisions (and the process used to arrive at a decision) need to be documented to provide sufficient information for audit or other review. This should include details on specification development, how criteria and weightings were decided, and the tender evaluation process, including the officers involved and who gave approvals at sign-off points.
	Officers must also ensure that they meet their agency's legislative obligations when it comes to capturing, managing and disposing of records.
Supplier communication	While it is related to record keeping, particular attention should be paid to documenting any and all communication with prospective suppliers.  This includes both written communications, along with appropriate records of any verbal discussions (e.g. minutes of a meeting, file notes).
	Ensure that negotiated agreements are confirmed in writing.  If verbal post-offer negotiations are used, any agreed outcomes or actions should be documented and subsequently agreed to in writing by both parties.
Receipt of goods/ services	Ensure that the procured good or service has been satisfactorily delivered (in accordance with the agreed contract) before issuing payment.
55,710.5	Do not simply pay a supplier because they issue an invoice – perform the appropriate checks before making payment.
Confidentiality and security of materials	Ensure that there are defined document management procedures and security controls for either hard of soft copy documents to ensure confidentiality.
	This could include, for example:
	<ul> <li>ensuring electronic documents are on secure drives and password protected</li> <li>requiring documents to be locked away and using document registers</li> <li>ensuring evaluation team members are given rooms where they can privately review offers.</li> </ul>
	Confidentiality and conflict of interest deeds must be obtained from all participants in significant tender evaluations in line with their agency's specific requirements.

#### Delegations

- Ensure that all relevant documents are signed off by a person with the appropriate delegation.
- Functions and responsibilities must be structured to ensure there is an appropriate separation of powers.

Any person involved in the procurement process or exercising a delegation, should not provide financial approval.

Guard against improper influence over a procurement process – sometimes a situation may arise where a person external to the process seeks to exert influence over aspects of a procurement process (e.g. hinting that a particular supplier is preferred, asking inappropriate questions about the process).

Situations such as this are serious and may constitute corrupt conduct. In such situations an officer should:

- maintain strict confidentiality over the process and not disclose any information
- document details regarding the approach
- report the incident to a manager, or ethical standards/integrity unit or departmental Crime and Corruption Liaison Officer, or the Director-General, or the Crime and Corruption Commission.

# 3. Conflict of interest management

This focus area aims to ensure that any conflict of interest is identified and appropriately managed.

As per the Code of Conduct for the Queensland Public Service, 'a conflict of interest involves a conflict between our duty, as public service employees, to serve the public interest and our personal interests'. It is important to remember that an actual conflict of interest does not need to exist for there to be an issue. Conflicts of interest can be either actual, perceived, or potential:

- Actual, where an officer is in a position to be influenced by their personal interests when doing their job.
- Perceived, where an officer is in a position to appear to be influenced by their personal interests when doing their job.
- **Potential**, where an officer is in a position where they *may be influenced in the future* by their private interests when doing their job.

Managing all three types of conflicts (not just actual conflicts) is vital to ensure the integrity of any procurement activity – even a poorly managed perceived or potential conflict can be just as damaging as an actual conflict.



#### **Managing Conflict of interest**

# For individual officers conducting procurement processes

Obtain conflict of interest declarations, as per agency requirements, from all personnel involved in significant tender activities as soon as possible.

Maintain a register of all conflict of interest declarations received. Remember to also ensure that declarations are obtained from persons who have entered later into the process after the initial declarations were sought.

- Include conflicts of interest as a standing item on all meeting agendas.
- Ask potential suppliers to disclose all potential conflicts of interest at the time they provide an offer.

Failure to make adequate disclosure at any time may be grounds for later ending the contract.

If you become aware that you, or someone involved in the process, has a conflict of interest, you must register and document the conflict of interest and discuss it with the appropriate manager/supervisor to determine the most appropriate course of action and way to manage the situation.

# For agencies managing conflicts of interest

 The primary goal of managing conflicts of interest is to ensure that decisions are made on proper grounds, for legitimate reasons, and without bias.

In the first instance you should always refer to any policies or procedures that your agency may have in place. If your agency does not have a policy or procedure in place then the QPP (clause 3.1) requires that a system to manage conflicts of interest for procurement be developed. There are several management strategies available:

- Register details of the conflict of interest are declared and registered (in low-risk situations this single strategy may be sufficient)
- Restrict restrictions are placed on the officer's involvement in the matter
- Recruit an impartial third party is used to oversee part or all of the process
   Remove the officer chooses, or is requested, to be removed from the matter
   Relinquish the officer relinquishes the private interest that is creating the conflict.
- Resign where the officer resigns from their position with the agency (this strategy should be considered only if the conflict of interest cannot be resolved in any other workable way).

Conflicts of interest must always be resolved in the public interest.

#### Some example of conflicts of interest in a procurement context

- A family member works for a company that is looking to submit a tender for a procurement process you are running.
- You or a family member own shares in a company that is looking to submit an offer for a tender
  you are managing.
- A former colleague, with whom you frequently socialise, has now started working for a supplier who is not currently under contract, but will likely be submitting an offer to a forthcoming tender.

Remember, if you are any in doubt about whether a conflict of interest exists you should disclose it.

The following Victorian case study shows the breach of probity requirements could result significant failure to procurement effort.

#### Case Study<sup>5</sup>

The Victorian Department of Education has recently been the subject of a Victorian Independent Broad-based Anti-corruption Commission (IBAC) investigation. This focused on the procurement of 'Ultranet', a school based intranet program, supplied by CSG Limited. The investigation heard that the procurement was poorly planned, and demonstrated significant lapses in probity (specifically in the tendering process and ultimate awarding of the contract) largely attributed to undeclared conflicts of interest.

An independent consultant to the department testified that concerns about corruption in the procurement activity had been reported to the project manager. The concerns included: disproportionately high gradings for the CSG tender; concerns that CSG was not equipped to deliver the large-scale project and had tendered an inflated offer; and suspected connections to government officials involved in the procurement activity.

The Ultranet project failed and was scrapped by the government in 2013 due to ongoing and unresolved technical issues. The IBAC investigation concluded that department officials purchased shares in CSG, and were influenced during the tender process by accepting inappropriate gifts from the supplier.

IBAC also determined that proper procurement processes had not been observed in the evaluation process and that the decision to award the contract to CSG was unreasoned and inexplicable.

Further allegations were also explored, whereby ISAC heard that a complementary procurement in 2011 to evaluate the project was also corrupt. The supplier, Alliance Recruitment, was alleged to have received a payment, to ensure that funds were corruptly injected into CSG to ensure it remained viable.

The investigation resulted in recommendations including: acting to strengthen internal procurement and governance arrangements for major projects; proper record keeping; maintenance of conflict of interest registers; and proper documentation of complaints regarding probity.



<sup>&</sup>lt;sup>5</sup> Information in this case study was sourced from the Victorian Independent Broad-based Anti-corruption Commission (2017). *Operation Dunham*. Available online at: <a href="http://www.ibac.vic.gov.au/docs/default-source/special-reports/operation-dunham-special-report-january-2017.pdf?sfvrsn=2">http://www.ibac.vic.gov.au/docs/default-source/special-reports/operation-dunham-special-report-january-2017.pdf?sfvrsn=2</a>.

### 4. Managing probity relative to value and risk

This focus area aims to ensure that probity is integrated within an agency's framework to ensure that probity is managed relative to the value and risk of a particular procurement activity.

This requirement stems from clause 3.2 of the QPP. The below table provides guidance to agencies on how various probity considerations, such as probity plans, can be incorporated as value and risk increase. It is intended as a guide only – agencies are ultimately responsible for deciding how this clause is implemented relative to the characteristics of their agency.

	For low value and low risk	As value and risk increase
Probity planning	Use a probity checklist	Consider use of a full probity plan
Probity auditor/advisor	Unlikely to be necessary	Consider using probity auditor/advisor
Probity briefing for evaluation committee members	General reminder regarding probity likely to be sufficient	Formal briefing, possibly from a probity auditor/advisor, should be conducted
Conflict of interest declaration	General reminder of obligations	Obtain formal conflicts of interest declaration
Confidentiality deeds	General reminder of obligations	Obtain formal confidentiality deed
Evaluation panel composition	Small panel likely to be sufficient	Increase the size of the panel <sup>6</sup>

#### Probity auditor and advisors in procurement

The Office of the Chief Advisor – Procurement, also has guidance on the use of probity auditors and advisors. This is available online at:

http://www.hpw.qld.gov.au/SiteCollectionDocuments/ProcurementGuideProbityAuditorsAdvisors.pdf.

The Queensland Government also has a standing offer arrangement for the provision of probity advisors and auditors for procurement (ref QGCPO835-10). Further details are available on the Queensland Contracts Directory.

<sup>&</sup>lt;sup>6</sup> This can also include 'splitting' aspects of the evaluation. For example, by using technical or financial specialists. If you do this the role and function of each officer must be clearly defined in the evaluation plan.

# Section B: How to deal with probity in certain situations

The section provides advice on following:

- 1. General advice: What to do if you confront a situation that you do not know how to handle
- 2. Gifts and benefits within procurement
- 3. Conducting early market engagement and industry briefings
- 4. Attending trade shows and conferences
- 5. Evaluating innovative offers
- 6. Beware of anti-competitive supplier behaviour.

# 1. General advice: What to do if you confront a situation that you do not know how to handle?

Situations may arise for which there is no clear course of action. While each situation will be unique, here are some steps that may help guide you toward a resolution:

- Do not feel pressured to act immediately. Take the situation on notice, ask to get the request/question in writing and come back later
- Refer to various probity materials, such as probity plans, to see if they provide guidance. You
  may also look to your agency's procedures, this guide, or the QPP
- Seek external advice. In the first instance this can be from your manager/supervisor
   Alternatively, and for more complex situations, you may need to engage the services of your
   procurement unit, a probity auditor/advisor, or your agency's legal services area, ethics unit or
   Integrity Commissioner.

Remember to document any action taken / this may become particularly important at a later date.

# 2. Gifts and benefits within procurement

Public service employees cannot be offered, accept, or give gifts and benefits that affect, could affect, or be perceived to affect their doing their jobs impartially. This requirement is particularly important within procurement given the constant interaction officers have with suppliers. The ability to maintain integrity and confidence within the supply market, and a view that decisions are made impartiality and with objectivity, is paramount.

For this reason, public officials involved in any aspect of a procurement process are strongly advised not to accept gifts or benefits, as they can or may be seen to be, a means of influence that can compromise or appear to compromise integrity and impartiality.

Any gift of benefit offered must be handled under the <u>Gifts and Benefits (Directive 22/09)</u> issued by the Public Service Commission, along with any relevant agency policy or procedure.



<sup>&</sup>lt;sup>7</sup> Queensland Government (2016). *Gifts and benefits*. Available online at: <a href="https://www.forgov.qld.gov.au/gifts-and-benefits">https://www.forgov.qld.gov.au/gifts-and-benefits</a>.

#### Case study: The impact gifts and benefits can have on procurement

In 2011, separate reports by the Corruption and Crime Commission of Western Australia<sup>8</sup> and the Victorian Ombudsman<sup>9</sup> identified that several government bodies in both states had purchased toner cartridges outside each state's purchase contracts. The reports identified that government officers had:

- purchased outside the state's purchase contract
- · purchased goods at inflated prices, and that were not required
- engaged in improper expenditure of public money
- altered invoices
- destroyed public records.

Driving this behaviour was the acceptance of gifts offered by the supplier as an inducement or reward. These gifts included digital cameras, GPS navigators, televisions, coffee makers and gift vouchers. This created an ethical hazard, as noted by the Victorian Ombudsman, 'Once a public officer accepts a gift, and fails to declare it, there is potential for that public officer to engage in a pattern of corrupt behaviour'.

# 3. Conducting early market engagement and industry briefings

**Early market engagement** provides an opportunity to understand the capability and capacity of suppliers within the market before developing your procurement strategy and requirements. Doing this can be highly beneficial, particularly for larger procurements and projects.

Like all procurement activities, it is important that early market engagement is properly conducted with due regard to probity. This should include ensuring that:

- the approach undertaken is logical, defensible and would withstand public scrutiny
- a good sample of suppliers are engaged, both incumbent and those not currently under contract, and that a consistent approach is taken with each
- no undertakings or commitments are made to suppliers as part of the process
- that no 'inside information' is provided
- multiple government officers participate in the process and attend all meetings
- any engagement is appropriately documented and recorded
- your probity advisor attends (if you have engaged one).

For larger procurements, agencies may wish to consider undertaking market engagement more formally as part of a 'request for information' process.



https://www.ccc.wa.gov.au/sites/default/files/Misconduct%20Allegation%20in%20Relation%20to%20the%20Purchase%20of%20Toner%20Cartridges%20in%20Exchange%20for%20Gifts.pdf.

<sup>9</sup> Victorian Ombudsman (2011). *Corrupt conduct by public officers in procurement*. Available online at: <a href="https://www.ombudsman.vic.gov.au/getattachment/554534e7-6201-4eb4-9fed-85a37e89bdba">https://www.ombudsman.vic.gov.au/getattachment/554534e7-6201-4eb4-9fed-85a37e89bdba</a>.

**Industry briefings** can also be beneficial for a procurement activity and should be conducted whenever necessary. They allow the government the opportunity to explain a procurement activity in detail. They can also clarify any supplier misconceptions, particularly through question/answer engagement with suppliers.

It is important that probity matters are properly handled – you should ensure that:

- adequate notice is given to suppliers about the session
- your tender documents are clear on whether attendance at the briefing is mandatory if a supplier wishes to submit an offer
- your tender documents are clear on whether information provided at the briefing will be made subsequently available (e.g. by providing a copy of the presentation via Q renders). You are under no obligation to provide any information from the session – however, you should make your approach clear in your notice about the briefing (for non-mandatory briefing session, the information provided and subsequent questions and answers should be recorded and distributed to all potential suppliers)
- you have a standardised presentation that is delivered to all suppliers
- any questions and answers are dealt with publicly so all attendees can hear the question and response. Alternatively, you may choose not to have a question and answer session
- you do not deal one-on-one with any particular supplier.
- records are kept including which personnel and suppliers attended
- your probity advisor attends (if you have engaged one)
- suppliers are given sufficient time to incorporate the received information within their offers.

# 4. Attending trade shows and conferences

There is no issue, in itself, with an officer attending either a trade show or conference. Such events can often be very useful for procurement officers in developing their understanding of procurement and supply markets.

However, it is important that officers are mindful of the following:

- not discussing any confidential or commercially sensitive information
- maintaining professional conduct and presentation
- not forming any verbal agreements, making false promises, or making any other inappropriate undertaking to a supplier.

Officers should also be aware of supplier's offering to pay for their attendance. Such offers are gifts and need to be treated as such. It is highly preferable that any attendance fee is paid by the government.

# 5. Evaluating innovative offers

Increasingly, procurement is being used as a mechanism to drive innovation. Such processes often require a greater degree of professional capability and supplier interaction than more traditional procurement processes. Procurement officers can therefore feel uncertain about how to maintain probity in such situations.

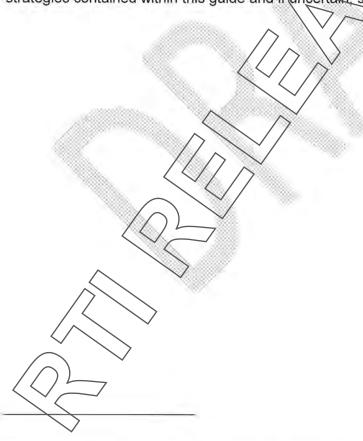
While this may be the case, probity can still be managed through the application of the guidance provided in this document. In particular, it is important to:

- develop a probity plan including guidelines to manage any interactive phase of the process to
  ensure fairness (ie equal time available, not sharing confidential information between
  competing suppliers, ensuring requirements remain consistent for all suppliers and are not
  changed for some suppliers during an interactive process)
- clearly document the evaluation method to be used. As part of this it can be useful to include more detailed guidance to evaluation panel members on what to look for during the process
- involve a number of officers in the evaluation process, so that a justifiable and defensible consensus view is reached
- ensure that the evaluation process, and rationale to reach a conclusion, is appropriately documented
- consider engaging a probity advisor. The advisor can then be used to observe any supplier interactions and provide assurance that things were properly conducted.

# 6. Beware of anti-competitive supplier behaviour

Often we focus on managing probity within government. However, officers should be aware that the integrity of their procurement process can be impacted via anti-competitive behaviour within the supply market. Such activity can include a range of things such as bid rigging, price fixing, market sharing and output restrictions.

Detecting these things can often be difficult. To assist procurement officers the Australian Competition and Consumer Commission has made available a guide on deterring and detecting cartels<sup>10</sup>. Officers involved in procurement are strongly encouraged to read and implement strategies contained within this guide and if uncertain, seek further legal advice.



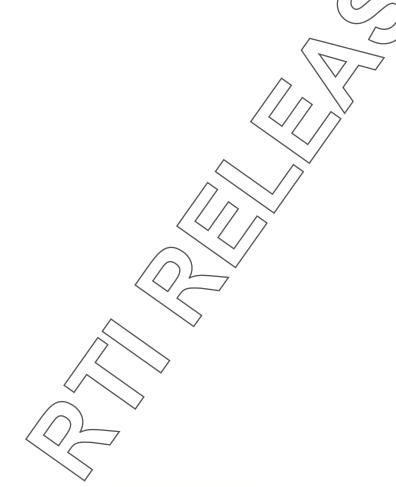
<sup>&</sup>lt;sup>10</sup> Australian Competition and Consumer Commission (2011). Cartels: Deterrence and detection – a guide for government procurement officers. Available online at: <a href="https://www.accc.gov.au/system/files/308">https://www.accc.gov.au/system/files/308</a> Cartels Deterence%20and%20detection 26-Feb-2016.pdf.

CONSULTATION DRAFT - NOT FOR PUBLICATION

# Putting Queenslanders first when securing value for money

Office of the Chief Advisor - Procurement

CONSULTATION DRAFT - NOT FOR PUBLICATION



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Putting Queenslanders first when securing value for money

The State of Queensland (Department of Housing and Public Works) 2017



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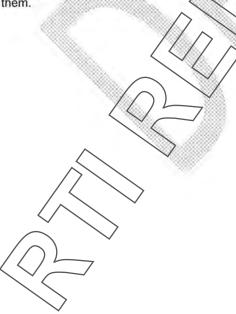
#### Contact us

The Office of the Chief Advisor – Procurement is committed to continuous improvement. If you have any suggestions about how we can improve this guide, or if you have any questions, contact us at <a href="mailto:betterprocurement@hpw.qld.gov.au">betterprocurement@hpw.qld.gov.au</a>

#### Disclaimer

This document is intended as a guide only. It should be lead in conjunction with the Queensland Procurement Policy, your agency's procurement policies and procedures, and any other relevant documents.

The Department of Housing and Public Works disclaims at liability that may arise from the use of this document. In preparing this document, reasonable efforts have been made to use accurate and current information. Users of this document should, however, note that information may have changed since its publication. Where errors or inaccuracies are brought to the attention of the Department of Housing and Public Works, a reasonable effort will be made to correct them.



#### Introduction

Every year the Queensland Government spends billions of dollars on a wide range of goods and services to support the delivery of frontline services for Queenslanders.

This means that the procurement activities of the Queensland Government have a significant impact on local communities and the services delivered to them throughout Queensland.

This guide provides some practical hints and tips for government buyers to optimise value for money. It equips government buyers and decision makers with the information they need to consider all the components that define value for money when procuring goods and services.

# Guidance to support the Queensland Government Procurement Strategy

To support the new Queensland Government Procurement Strategy, the Office of the Chief Advisor – Procurement, has released new guidance materials. Ideally these guides should be read together:

- Putting Queenslanders first when securing value for money
- Probity and integrity in procurement
- Optimising opportunities for local suppliers
- Local benefits test.

#### The Queensland Procurement Policy

Value for money is the primary principle of the Queensland Procurement Policy (QPP).

Under this principle the Queensland Government is committed to:

- pursuing government targets through procurement
- selecting the option that provides best value for money outcomes, pursuing economic, environmental and social objectives as well as price.
- deploying the most appropriate strategies to deliver the best procurement outcomes.

# What is value for money under the QPP?

Value for money is more than just lowest price. At its simplest, value for money involves an assessment of the total benefits and costs provided by a procurement.

Under the framework provided by the QPP, the following factors are to be addressed as part of the value for money assessment.

- advancing relevant government objectives and the outcome being sought
- cost-related factors including up-front price, whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal
- mon-cost factors such as fitness for purpose, quality, delivery, service and support.

Importantly, value for money under the QPP 2017 also includes the application of a local benefits test for all significant procurement where a weighting of up to 30 per cent may be applied. To assist government buyers in applying the test a dedicated resource is available [here].

The QPP also outlines a range of specific requirements that help to secure value for money. These are discussed further in **Appendix 1**.

### Components of value for money

#### Cost related factors

In determining value agencies need to look beyond up-front costs and include all relevant cost related factors. This means buyers consider the up-front cost, as well as the cost of maintaining and disposing of the item at the end of its life. **Appendix 2** of this guide offers a checklist for whole-of-life cost considerations.

#### Assessing whole-of-life costs

Whole-of-life cost assessments are particularly important when there are potentially high ongoing costs associated with a good or service. For short-life, low-cost and low-risk items, there is generally little benefit in undertaking a detailed formal assessment of whole-of-life costs.

#### Why assessing whole-of-life costs (and not just the initial price) is important

Different suppliers can price a service or good differently. By having a breakdown of total costs, the government buyer can better understand the total solution, the supplier's interpretation of the requirements and any components that might be negotiated/if the solution is chosen.

#### Broader government priorities, targets and commitments

In addition to the more traditional cost related factors and non-cost factors, broader **government priorities, targets and commitments** listed in the QPP should also be considered as part of value for money.

In determining which priorities, targets or commitments to pursue, agencies need to consider which are suitable for the procurement at hand and can be realistically achieved without disadvantaging smaller suppliers.

Agencies may also find guidance in their agency procurement plan or the relevant category strategy. Care must be taken to make sure effort is not spread too thinly, for example, by pursuing multiple priorities, targets and commitments, and that other relevant, non-cost factors, such as capacity to deliver, are given due weighting and consideration in the process.

Government buyers should, where possible, consider and record in their tender documentation, how targets and commitments will be measured and reported.

#### Value for money from an economic perspective

Beyond the cost and non-cost factors there are broader economic considerations. In some cases, it may be difficult to put a dollar value on these, requiring a more qualitive assessment.

Demonstrating value for money from an economic perspective requires consideration of broader benefits and how they will flow from the initial demand and supply market analysis to tender evaluation and contract management.

#### Specific economic targets for Queensland

The QPP 2017 cites the following economic targets and commitments as being relevant to procurement. As part of the overall value for money assessment, each procurement process needs to consider and include targets and commitments which are relevant to the good or service being procured:

 Build regions by increasing the participation of Queensland suppliers and local workforces in procurement opportunities.

- Require the use of local contractors and manufacturers in significant Queensland
  Government infrastructure projects, worth \$100 million and above, wherever possible.
  Increasing opportunities for apprentices and trainees in significant Queensland Government infrastructure projects, worth \$100 million and above.
- Increase government procurement with Aboriginal and Torres Strait Islander businesses to three per cent of addressable spend by 2022. For more information, refer to Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy at www.datsip.gld.gov.au.
- Focus on using the government's procurement activities to create genuine, secure ongoing jobs for Queenslanders.
- Focus on jobs, reducing long-term unemployment and youth unemployment, and increasing opportunities for training apprentices.
- Procure Australian-sourced, environmentally accredited paper products.

#### **Local Benefits Test**

The QPP requires agencies to conduct a local benefits test for all significant procurement<sup>1</sup> where a weighting of up to 30 per cent may be applied.

The local benefits test is intended to ensure economic benefits flow to local communities, with a focus on jobs for Queenslanders. This might include creating new jobs, ensuring sustainability of existing local jobs, or upskilling local workforces and creating new opportunities in regional areas.

Each procurement is different and there is no set formula. Consideration of local suppliers should be clearly documented for each significant procurement.

The local benefits test should not be assessed in isolation. The capacity and capability of suppliers should also be taken into consideration when assessing value for money.

To assist government buyers in applying the test a dedicated resource is available [here].

#### Value for money from an environmental perspective

The impact on our environment should be considered in all procurement activity. Some procurements will have a more direct association than others. Considerations include:

- When buying simple products, factors like whether the product is produced from sustainable materials or comes with biodegradable packaging may form part of the value assessment.
- In infrastructure projects, consideration as to how the environment may be impacted via things such as carbon emissions and waste products.

Refer to Integrating Sustainability into the Procurement Process Guide [link] for more tips.

#### Specific environmental targets for Queensland

The QPP 2017 cites the following environmental targets and commitments as being relevant to procurement. Each procurement process needs to consider and include, as appropriate, those targets and commitments which are relevant to the good or service as part of the overall value for money assessment:

<sup>&</sup>lt;sup>1</sup> The QPP defines a significant procurement as including goods and services identified by the agency as being high expenditure and/or for which there is a high degree of business risk.

- · Achieve net zero emissions by 2050.
- Achieve one million rooftops or 3000 megawatts of solar photovoltaics (PV) in Queensland by 2020.

#### Value for money from a social perspective

Social benefits<sup>2</sup> refers to how Queensland government spending might be used to support social priorities, such as employment opportunities for vulnerable Queenslanders. By leveraging even a small slice of the Queensland Government's spend to support social priorities, communities across the state can benefit.

Social benefit (or social value) is described as:

The positive impacts on people, places or communities generated through procurement practices.

While some social benefits, such as greater social justice, cannot easily be quantified, , social and economic participation is a key indicator of the overall health and vibrancy of a community. Procurement can assist in advancing government objectives by providing opportunities that support and drive genuine employment for all Queenslanders.

Consideration of social benefits in tendering activity might include things like:

- the creation of training and employment opportunities through clauses and specifications in contracts, particularly for disadvantaged or marginalised jobseekers, such as people with disability
- considering set asides, particularly for low risk flow-value purchasing.

Government buyers should, where possible, document/in their planning and tender documentation how social benefits will be measured and reported.

For more about consideration of social benefits in procurement, refer to the <u>Social Procurement Toolkit</u>. The toolkit includes guidance about including domestic and family violence clauses in procurement processes.

#### Specific social targets for Queensland Government

The QPP 2017 cites the following social commitment as being relevant to procurement. Each procurement process needs to consider and include this commitment where it can be appropriately incorporated as part of the overall value for money assessment:

 Taking account of workplace policies and practices aimed at ending domestic and family violence as part of supplier evaluation.

#### Forms for small business

Template forms are being prepared for small business that will enable them to more easily demonstrate their credentials against key objectives, targets and commitments.



<sup>&</sup>lt;sup>2</sup> For the purpose of this guide, 'social benefits' refers to benefits potentially derived from all types of procurement rather than the procurement, or commissioning, of social services, such as family or child protection services.

# Value for money should be considered at each stage of the procurement process

What represents value for money will vary depending on what is being procured – there is no 'one size fits all' approach. What ultimately represents value for money will involve achieving the right balance between cost and non-cost factors, government objectives, targets and commitments. Critically, the good or service must effectively and efficiently deliver on the core needs of a procurement.

There is also no set methodology or a single formula that will ensure value for money is realised. Government buyers need to take a planned and considered approach when securing value for money, making reasonable and defensible judgements and decisions. This needs to occur throughout the procurement process and the life of the contract. From understanding what you are going to buy (demand analysis) during the planning phase, to analysis of the supply market, specification and contract development and locking in value while managing the contract.

You may also need to look to your agency procurement plans and relevant category strategies which will guide you in determining what constitutes value for money. Internal clients and endusers are important stakeholders when determining what value for money ultimately looks like.

# Approach to value for money based on the complexity of the procurement

Value for money must be considered in everything we buy. The approach taken will vary based on the value and risk associated with a procurement.

- Routine procurement: These are usually low value, low risk procurements, or purchases, which can be sourced via quotations or purchased using a corporate card. Some questions to ask yourself:
  - 1. Does a common use supply arrangement already exist? Where an arrangement does exist, a basic value for money assessment has been done. Government buyers are encouraged to use common use supply arrangements as an efficient way to procure goods and services. It is important that buyers seek to add more value by considering current community, government, agency and category priorities when using these arrangements. Buyers can find out more about these arrangements at <a href="https://doi.org/10.1001/journment-ni-new-money-

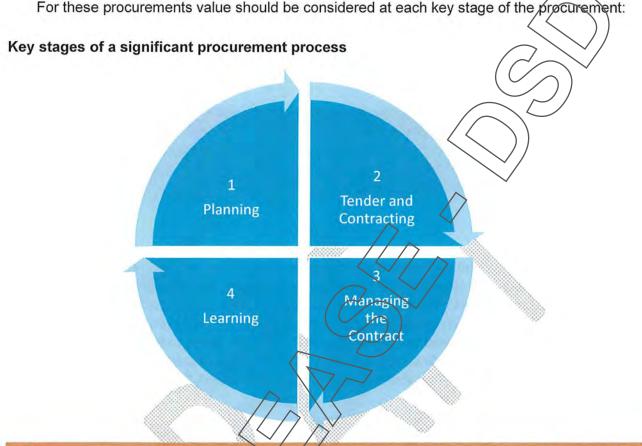
The QPP 2017 also allows Government buyers to consider a supplier who is not on a common use supply arrangement where the good or service is to be supplied to regional or remote Queensland. This is another way to secure value, by buying the required good or service and supporting local business.

2 If no common use supply arrangement or contract exists, government buyers should ask whether there is a capable local supplier offering value for money? Low value and low business risk procurements should, where practicable, be delegated to the geographical location where the good or service is to be supplied.

These purchases play an important role in advancing government objectives to support regional and remote economies and create and sustain jobs for Queenslanders. They can also support businesses like social enterprises, which can deliver valuable outcomes in local communities.

Refer to Building Diversity in Local Markets [link] and Social Procurement Toolkit for more tips.

Significant procurement: These are procurements with a high value and/or for which there is
a high degree of business risk and are the primary focus of this guide. Achieving value for
money for these procurements requires a well-considered and planned approach to what
determines 'value'.



## Why pursuing value for money throughout the procurement process is important

Traditionally, procurement has focussed on securing value through formal tender processes. While this has been somewhat effective, this approach misses a tremendous opportunity to create and sustain real value throughout the entire procurement process.

Moving forward, government agencies are encouraged to focus their effort increasingly on upfront planning and engagement with industry. Doing this acknowledges two things:

- That proper planning is fundamental to securing value for money
- That industry often has great ideas which they can bring to the table. They can also help government agencies structure their procurement approach in such a way that outcomes for all parties are maximised, while the effort and complexity associated with the formal tender process is reduced.

This increased engagement with industry should also carry through to the contract management phase, where government agencies and suppliers should pursue a more collaborative relationship.

For more information about probity and how to engage with suppliers during a procurement project, see Probity and Integrity in procurement guide [link].

# 1. Planning

The Queensland Government uses procurement to advance the government's economic, environmental and social objectives to support the community. Every procurement is different and a decision to advance particular objectives should consider a range of factors, including the characteristics of what is being procured as well as the capability and capacity of the supply market.

Regardless of which approach is pursued it is important it is included from the start during the planning process.

#### Securing value for money through process improvements

Agencies should also be mindful that value for money can be secured by ensuring that procurement processes are conducted in an efficient manner. This can be through, for example, simplified tender processes and documentation requirements.

#### Category planning

The Queensland Government segments its procurement expenditure into six categories. The lead agency for each category is responsible for developing a category strategy which details the category's approach to value for money, including the advancement of economic, environmental and social outcomes, along with targets and commitments of the government. These strategies therefore act as good starting point in determining what value for money looks like in a particular category. They should also provide direction in regard to which government objectives, targets and commitments are the most relevant, and how these are to be pursued, through the category.

The six categories are:

- Building Construction and Maintenance —led by the Department of Housing and Public Works
- General Goods and Services led by the Department of Housing and Public Works
- ICT led by the Department of Science, Information Technology and Innovation
- Medical led by Queensland Health
- Social Services led by the Department Communities, Child Safety and Disability Services
- Transport and Infrastructure Services led by the Department of Transport and Main Roads.

In addition to category planning activities, lead agencies often set up common use supply arrangements or contracts to leverage government's collective buying power. Depending on the government objectives relative to the category or sub category of spend, specific objectives may be in place through these common use supply arrangement or contracts targeting small businesses local suppliers, Aboriginal businesses and Torres Strait Islander businesses, or social enterprises. They may also include targets in support of environmental objectives, local jobs, ending domestic and family violence or supporting other relevant government priorities.

Agencies are encouraged to look at what strategies and arrangements have been put in place through these category plans and are encouraged to actively use the arrangements that contribute to these targets. The category strategies can be obtained by contacting the category lead [link to contact details], while information on existing arrangements is available on the Queensland Contracts Directory [link].

#### **Forward Procurement Pipelines**

Category lead teams are also required to co-ordinate with budget sector agencies and produce a forward procurement pipeline which shows all key procurement activity that is expected to occur over at least the next 12 months.

These pipelines help support value for money by promoting forward planning and early engagement with industry. This is particularly important in regional and remote communities especially construction and maintenance related activity, to help ensure there is a continual supply of work that enables ongoing, stable employment.

### Pre-tender planning

Good planning prior to going to market for a procurement is essential. Government buyers are strongly encouraged to ensure they have a thorough understanding of the outcome being sought and supply market capability.

Government buyers are also strongly encouraged to express the procurement objectives in their tendering documents as outcomes rather than detailed specifications where possible. This enables suppliers to understand what government is trying to achieve and to contribute ideas and solutions for how government might best achieve the objectives. Prescribing a solution through specification may be more expensive or not provide the best result.

For complex or high-risk procurements, government buyers are advised to seek support and advice from the relevant lead agency category team. Advice should also be sought from the Department of Infrastructure, Local Government and Planning for significant infrastructure procurement.

Government buyers are also advised to seek input from industry, particularly for complex procurements. It is important that any discussions with industry maintain expected standards of probity [link to guide]. Talking to industry about the objectives being sought in procurement activity, and the problem to be solved, enables collaboration in solution design. It also contributes to improved service delivery outcomes and can help to drive innovation. For more information and guidance on engaging with industry refer to the General Goods & Services Industry Engagement Framework [link] [and link others BCM, VIS etc].

The Queensland Government has in place a number of relevant frameworks that are designed to help ensure value for money outcomes. Government buyers should be aware of these when undertaking procurement activities. Some of these include:

- Project Assessment Framework, administered by Queensland Treasury.
- Capital Works Management Framework, and the Maintenance Management Framework, administered by the Department of Housing and Public Works.
- Transport Infrastructure Project Delivery System, administered by the Department of Transport and Main Roads.
- Business Case Development Framework, administered by Building Queensland.

In addition, Public Private Partnerships are subject to the National PPP Guidelines, along with supporting guidelines as issued by Queensland Treasury.

# 2. Tender and contracting

### Evaluating for value in quotes and tenders

Typically, an evaluation process will consider both price and non-price criteria in supplier selection. It should also consider relevant economic, environmental and social considerations, as described earlier in this guide.

The emphasis and weighting placed on these criteria are likely to be different for the good/service being purchased and should be determined by the evaluation panel and documented in the evaluation plan prior to the tender or quote being released.

The non-cost factors will likely include things such as the quality aspects of a product, the relevant experience of a service provider and many other aspects important to achieving the outcome being sought from the procurement activity.

Government buyers are also encouraged to ensure that the focus remains on the **outcome** and not having too many criteria so as to make the process difficult and costly for suppliers and government and reducing the ability to generate new ideas and innovation in the solution design.

For example, if an agency genuinely requires a specific quality assurance standard this should be clearly specified and included upfront as mandatory criterion. This will clearly communicate to suppliers the government's expectations, and save some suppliers from submitting an offer when they do not (and do not wish to) hold certain quality assurance.

# 3. Managing contracts

#### Contract extensions

Many contracts contain an option to extend after the contract term has expired. It is important that the contract output is examined prior to extending the term to ensure that the agency is still getting a value for money outcome.

Government buyers should consider several factors in this assessment:

- Has the market changed significantly since the original procurement was undertaken? (are
  there new competitors or less competitors, has technology changed the way this
  good/service is used, have there been any significant market disruptions)
- Is the market expected to change over the duration of the extension?
- Can we benchmark the prices?
- Has the supplier been meeting their contractual obligations and key performance indicators?
- What are the benefits and risks associated with exercising this extension?

#### Where a contract can be varied or extended consider:

If tar<del>gets and commitments of the government can be included in variations or extensions</del>

Suggesting voluntary agreement to comply with government policy.

#### Contract management

To ensure value for money is achieved it is important to ensure that what you request in the tender process, and a supplier undertakes to do, flows through to the contract and is monitored as part of the contract management process. Also consider building in relevant key performance indicators in the contract and check that the supplier is doing what has been agreed. This is highly important in relation to benefits that a supplier has undertaken to deliver, particularly social benefits.

For example, if you had requested that a number of apprenticeships be created as one of your value for money criteria, then it is important to ensure this requirement has been included in the contract – and that you check to confirm the successful supplier has created and filled the agreed number of apprenticeships.

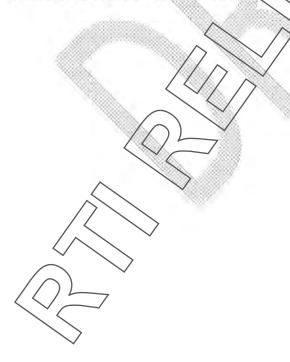
It is important to remember that the initial value realised during the sourcing process can be quickly reduced if your contract is not managed properly. For further guidance see the contract management guidance material [link].

# Learning

Reporting requirements must be commensurate with the size and value of the procurement, and should be kept as simple and clear as possible.

Evaluating the value and other outcomes associated with a procurement is easier and more meaningful if it is considered during planning stages and not just at the end of a contract. Clearly articulated, measurable and easily reported outputs and outcomes form the foundation for any evaluation and learning process. Planning for this early takes the hard work out of supplier reporting and outcomes evaluation.

Learning sharing and applying the lessons from each procurement project is a powerful way to continuously improve and maximise the impact government buyers can have over time.



# **Appendix 1**

Principle 1 of the QPP details a number of requirements to help secure value for money. While clause 1.1 is the primary focus of this guide, agencies can also help secure value for money by making sure other clauses are properly implemented.

The below table details these clauses and how they help support securing value for money.

#### Clause How it helps support value for money Clause 1.2 Value for money outcomes are also supported through ensuring that Agencies will identify the procurement strategy and procurement processes are efficient. method (open, limited or selective) most appropriate for delivering the best procurement outcome. This will be based on an assessment of complexity, scope, This clause gives agencies the flexibility to opportunities and risks associated with procurement select the most appropriate way to engage objectives, as well as the level of competition in the supply the market based on an assessment of the market. procurement. or example, an agency could choose to maximise competitive tension through an open tender process. Alternatively, an agency could streamline the effort associated with its tender process by directly rapproaching a number of suppliers (a limited tender) which its supply market analysis has shown are the only ones capable of delivering the required good/service. Clause 1.3 The government has a number of internal Agencies may deal directly with their own agency or other service providers who can also offer required services to government. Queensland Government agencies including commercialised business units. Agencies should refer to the Advisory Note - Intragovernmental Procurement at To streamline the engagement process, this www.qld.gov.au/procurement. clause reinforces the ability for agencies to directly engage an internal to government service provider. Clause 1.4 Using QTenders as a 'single point' for all open government tenders means that Agencies will: suppliers interested in tendering have only use the Queensland Covernment's QTenders website one website to monitor. QTenders also to publish all open tender opportunities alerts suppliers to new tender opportunities, ensure the Queensland Contracts Directory is which helps to maximise the available maintained and up to date. supply market. Using the Queensland Contracts Directory ensures that there is a 'single point' for all government common use supply arrangement. This allows Government buyers from across the sector to more quickly and easily buy goods/services rather than having to each time engage with the market. It also helps to secure value by aggregating government expenditure

#### Clause

# How it helps support value for money

#### Clause 1.5

together which, in turn, can help achieve better pricing.

When identifying value for money priorities during category planning activities, category managers will pursue opportunities to advance relevant economic, environmental and social outcomes and objectives of the government. This includes factoring the achievement of targets set by government into planning and subsequent procurement activities. Examples of outcomes relating to added value can be found at www.qld.gov.au/procurement.

The Queensland Government has adopted a category management approach for procurement. Requiring category strategies to consider government objectives, targets and commitments helps to ensure that these are appropriately integrated and pursued within procurement.

#### Clause 1.6

Ensuring greater visibility of future supply opportunities gives industry a better chance to prepare and respond to future supply opportunities. It can also enable help industry by smoothing peaks and troughs in government demand over time. For government, it may also increase the number of interested suppliers, increasing competitive tension in a procurement process.

Lead agency category teams, in consultation with other budget sector agencies, are responsible for coordinating and publishing a forward procurement pipeline (minimum 12 month forecast) for their category.

Statutory bodies, government-owned corporations and

special purpose vehicles will publish notices of potential

future procurements on the Queensland Government's

would be a benefit to it or the supply market from doing

QTenders website, where the agency identifies/there.

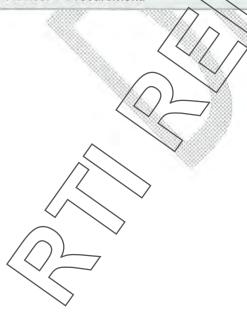
Clause 1.7

Clause 1.8

SO.

To help determine whether value for money has been secured it is necessary to measure and report on procurement benefits.

Agencies will measure and report on procurement benefits in accordance with whole-of-government procurement performance principles issued by the Office of the Chief Advisor – Procurement.



# **Appendix 2**

#### Checklist for identifying whole-of-life costs These can include: **Acquisition costs** price Associated with the initial costs of capital procurement freight/transport permits and fees survey land costs including demolition and relocation consulting and contractor costs legal fees labour, materials, components replacement costs hedging costs or penalties direct communication warehousing initial inventory management initial quality inspection and testing initial handling and insurance proportion of organisation overhead cost (administration, etc.) proportion of capital asset cost (plant, buildings) any modification costs to meet immediate requirements installation and commissioning initial training manuals and support literature appraisal costs (including travel and time to examine options) initial consumables initial spare parts safety compliance. **Operating costs** These can include: fuel or energy sources and charges operational labour technology refresh and software licences security safety training ordering and processing costs incurred by the agency performance monitoring and managing arrangements supplier relationship management. Maintenance costs These can include: consumables Relate to the cost of retaining the maintenance of spare parts asset in a fit efficient and inventory and use of spare parts operable condition (this might environmental compliance vary over the life of the asset software maintenance according to corporate strategies external environmental and social impacts

recalibration costs

on maintenance liability and	overhaul and repair – labour and overheads
appraisal)	<ul> <li>logistics costs of spares including inventory management, warehousing, quality inspection, purchasing, handling, and receipts</li> <li>loss of productivity/revenue/use during mainteriance</li> <li>systems monitoring costs</li> <li>warranty conditions</li> <li>training for operations and maintenance staff</li> <li>contract maintenance.</li> </ul>
Cleaning costs  Can be separately identified or included as maintenance costs	These can include:  cleaning labour rates  comparative costs associated with types of surface coverings  capital expenditure on dedicated cleaning equipment, including discrete operating/ maintenance/replacement costs  cleaning consumables  protective clothing  accommodation/storage facilities for cleaning equipment/materials  associated administrative overheads in personnel management inspection, purchasing, and administration  amortised portion of capital costs of other associated cleaning equipment if not absorbed elsewhere.
Alteration/refurbishment costs	These can include:  upgrade costs including retrofits  alteration resulting from future change  nodification to a standard or to purpose-built  those replacement costs that cannot economically be justified over an expected life span, including retraining costs.
Support costs	These can include:  insurance  rates and taxes  management fees and charges safety compliance costs.
Disposal costs	These can include:  residual/salvage cost  asset 'residual valuation' costs/impacts of depreciation  disposal method costs, e.g. auctioneers'/agents' fees  associated transport and freight  decommissioning  management and administration  labour costs associated with disposal  statutory compliance  any demolition/destruction costs  environmental re-establishment  site or environmental remediation.

#### Agenda Item

#### Recommendation

That the Leadership Board:

- approve out of session, the attached guidance material (the guides and factsheet) which will assist government buyers to implement the revised Queensland Procurement Policy (QPP)
- note the consultation process associated with developing the guides
- agree that the Queensland Government Procurement Committee will endorse future guidance material.

#### Background

On 24 July 2017, Executive Government approved the Queensland Government Procurement Strategy (procurement strategy) and revised Queensland Procurement Policy (QPP).

The procurement strategy sets out the government's vision for procurement – Backing Queensland Jobs. The revised QPP puts the procurement strategy into practice.

The QPP commenced on 1 September 2017, and agencies are to ensure that it will be fully operational by 1 March 2018.

#### Issues

Three high priority guides and a factsheet have been drafted to inform and assist government buyers with implementing the QPP:

- Putting Queenslanders first when securing value for money (Attachment 1)
- Probity and integrity in procurement (Attachment)
- Optimising opportunities for local suppliers (Attachment 3)
- Local benefits test factsheet (Attachment 4)

The QPP commenced on 1 September, and it is now urgent that these guides and factsheet are published. The Office of the Chief Advisor – Procurement (OCA-P) intends to publish the guidance materials on the procurement portal of the Forgov website where government buyers and the public will be able to access them.

The guidance materials have been developed to be easily understood and applied by government buyers.

They have benefited greatly from feedback received through consultation with an agency working group, the Heads of Procurement Network, Queensland Government Procurement Committee, Queensland Treasury and the Department of the Premier and Cabinet.

The attached products will assist buyers in implementing the requirements of the QPP. They will be published with a commitment to continuous improvement. OCA-P will update and reissue this guidance from time to time. This will include for example, updating guides to incorporate case studies provided by agencies which demonstrate practical application of the guidance material. Future editions of these guides will be provided to the Queensland Government Procurement Committee for endorsement.

#### Conclusion

Government buyers need to be equipped with information and tools which enable them to deliver on government policy at the earliest opportunity. The attached guides and factsheet are key to the successful implementation of the strategy and revised QPP.

If CEO Leadership Board members have any comments on the guides, please provide these to Megan Collins, Director – Strategy and Policy, Office of the Chief Advisor – Procurement at megan.collins@hpw.qld.gov.au by close of business 20 September 2017. If further information is needed, please contact Megan on 07 3215 3542.



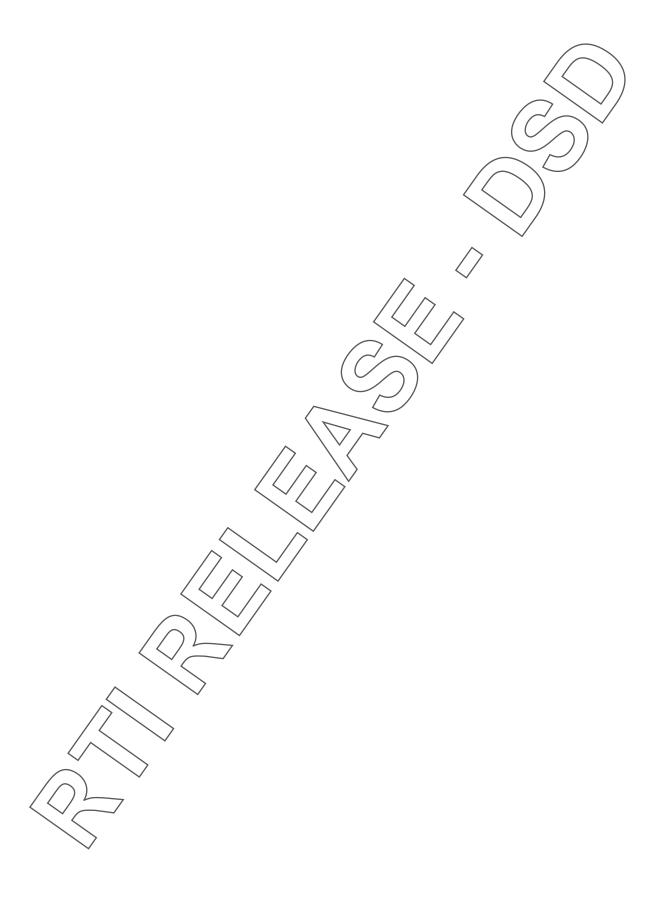
# Tennille Layn

From:

Tennille Layn Tuesday, 31 October 2017 10:09 AM Sent:

Fiona Toogood To:

Subject: first one Attachment 8 - TNGTH community engagement 26 Oct 17 (902) Attachments:





#### **Tennille Layn**

From:

Tennille Layn

Sent:

Monday, 25 September 2017 1:04 PM

To:

Carmel Carrick

Cc:

Media

Subject:

Attachments:

FW: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

FW: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rosks; MIQ General

Information 25 Sept.docx

Importance:

High



Tennille Layn

Manager - Media and Communication

Office of the Director-General

Department of State Development

Queensland Government P 07 3452 7102 MSch. 4(3)(3)

Level 36, 1 William Street Brisbane QLD 4000

PO Box 15009, City Fast Old 4002 www.statedevelophtent.gld.gov.au

> personal information

From: Carly Alder

Sent: Monday, 25 September 2017 12:10 PM

To: Tennille Layn <Tennille.Layn@dsd.qld.gov.au>

Subject: FW: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

Importance: High

#### FYIT



Carly Alder

A/Principal Advisor

Office of the Director-General

Department of State Development

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PO Box 15009, CKY Fasta QLE 002 www.statedevelopmentold.gov.au

ersonal ormation

From: DSD DLO

Sent: Monday, 25 September 2017 12:00 PM

To: Jan Martin < jan.martin@ministerial.qld.gov.au>

Cc: Carly Alder Carly Alder@dsd.qld.gov.au>; Fiona Toogood <Fiona.Toogood@dsd.qld.gov.au>; Carmel Carrick

<Carmel.Carrick@dsd.qld.gov.au>

Subject: FW: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

Importance: High

Hi Jan, please find attached documents you requested Thursday. Carmel has sent you the media release apparently.

- Draft media release (Media) provided by Carmel to Jan
- General MiQ info (as previously discussed Manuela) MiQ (Nicole)

 Separately, a single page current status of MiQ - projects funded; total funding allocated; total jobs to be generated from those projects (MiQ - Nicole)

I hope this meets with your requirements.

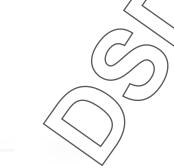


Manuela Costello A/Departmental Liaison Officer Cabinet Services

Department of State Development

Queensland Government P 07 3452 7241 M Sch. 4(3)(3) Prejudice
Level 36, 1 William Street drisbane QLD 4000
PO Box 15009, City Place 1002
Www.statedevelopmen Sch. 4(4)(6)
Dersonal

information



From: Robyn Adams

Sent: Friday, 22 September 2017 10:52 AM
To: DSD DLO < DLO@dsd.qld.gov.au>

Subject: RE: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks,

Denise has cleared the Brilliant prints Media Release this morning so Just/the/2 last dot points due on this one



# Queensland Government

#### **Robyn Adams**

Director - Business Coordination

Office of the Deputy Director-General - Economic and Industry Development

Office of the Deputy Director-General - Industry Partnerships

Department of State Development

P 07 3452 7901 MSch. 4(3)(3) -Level 36, 1 William Street, Bristone Okto 4000 PO Box 15009, City base QLD 4000 www.statedevelopment Blid gov.au

Disclosing personal information

From: DSD DLO

Sent: Thursday, 21 September 2017 1/21/PM

To: Nicole Morgan < Nicole. Morgan @dd qld gov.au >; Robyn Adams < Robyn. Adams@dsd.qld.gov.au >

Cc: Media < Media@dsd.qld.gov.au>; Carmel Carrick < Carmel.Carrick@dsd.qld.gov.au>

Subject: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

Importance: High

Hi Nicole and Carmel

Please provide by Friday 22 September COB

Draft media release (Media)

General MiQ info (as previously discussed Manuela) – MiQ (Nicole)

 Separately, a single page current status of MiQ - projects funded; total funding allocated; total jobs to be generated from those projects (MiQ – Nicole)



Government

Manuela Costello A/Departmental Liaison Officer

**Cabinet Services** 

Department of State Development

P 07 3452 7241 MSch. 4(3)(3) -

Level 36, 1 William Street Brisbane QLD 4000

PO Box 15009, City Fast Olar 4002 www.statedevelopment gld.gov.au

personal information

From: Jan Martin [mailto:Jan.Martin@ministerial.qld.gov.au]

Sent: Thursday, 21 September 2017 12:42 PM

To: DSD DLO <DLO@dsd.qld.gov.au>; Josh Lockyer <Josh.Lockyer@ministerial.qld.gov.au>

Cc: David Potter (Ministerial) < David. Potter@ministerial.qld.gov.au>; Simon Zanatta

<simon.zanatta@ministerial.qld.gov.au>

Subject: Brilliant pRINTS

All;

The Minister will visit Brilliant Prints at 59 Bluestone Circuit (Seventeen Mile Rocks) at 10-30-11.30am on Wednesday 27 September.

Please provide

Draft media release

General MiQ info (as previously discussed Manuela)

Separately, a single page current status of MiQ - projects funded; total funding allocated; total jobs

to be generated from those projects

Rgds

Jan Martin

Senior media advisor,

e: jan.martin@ministerial.qld.gov.au

Office of the Hon Dr Anthony Lynham MP

Minister for State Development and Minister for Natural Resources and Mines

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information

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#### **Tennille Layn**

From:

Robyn Adams

Sent:

Friday, 22 September 2017 5:35 PM

To:

Carmel D'Arcy

Cc:

Karl Sikora; Nicole Morgan; Bryony Hilless

Subject:

FW: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

Attachments:

Made in Qld - 21 Sept 2017 Report.docx; General Speaking points MIQ, docx

Importance:

High

#### Hi Carmel

Denise has approved the attached content as requested by Jan (via the below and attached requests). Can you please approve given that this is potentially going outside the Department and then onforward to the DSD DLO (Manuela).

Any queries, please let me know.

Thanks

Robyn



Government

#### Robyn Adams

Director - Business Coordination

Office of the Deputy Director-General - Economic and Industry Development
Office of the Deputy Director-General - Industry Partnerships

Department of State Development

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From: DSD DLO

Sent: Thursday, 21 September 2017 1:21 PM

To: Nicole Morgan < Nicole Morgan @dsd.gdd.gov.au>; Robyn Adams < Robyn. Adams @dsd.gld.gov.au>

Cc: Media < Media@dsd.g/d gov.au>; Carmel Carrick < Carmel. Carrick@dsd.gld.gov.au>

Subject: Brilliant Prints - 59 Bluestone Circuit Seventeen Mile Rocks

Importance: High

Hi Nicole and Carmel

Please provide by Friday 22 September COB

Draft media release (Media)

• General MiQ info (as previously discussed Manuela) – MiQ (Nicole)

 Separately, a single page current status of MiQ - projects funded; total funding allocated; total jobs to be generated from those projects (MiQ – Nicole)



Government

Manuela Costello

A/Departmental Liaison Officer

**Cabinet Services** 

Department of State Development

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personal information

From: Jan Martin [mailto:Jan.Martin@ministerial.qld.gov.au]

Sent: Thursday, 21 September 2017 12:42 PM

To: DSD DLO <DLO@dsd.qld.gov.au>; Josh Lockyer <Josh.Lockyer@ministerial.qld.gov.au>

Cc: David Potter (Ministerial) < David.Potter@ministerial.gld.gov.au>; Simon Zanatta

<simon.zanatta@ministerial.qld.gov.au>

Subject: Brilliant pRINTS

All;

The Minister will visit Brilliant Prints at 59 Bluestone Circuit (Seventeen Mile Rocks) at 10-30-11.30am on

Wednesday 27 September.

Please provide

Draft media release

General MiQ info (as previously discussed Manuela)

Separately, a single page current status of MiQ - projects funded; total funding allocated; total jobs

to be generated from those projects

Rgds

Queensland

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Senior media adviso

e: jan.martin@ministerial.qld.gov.au

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# Monthly Reporting - Jobs and Regional Growth Package Working Group

#### As at 21 September 2017

Name of Initiative:

Made in Queensland (MIQ)

Key achievements since 31 January 2017:

- As of 3:00pm, 21 September 2017 DSD have received 566 registrations of interest in the MIQ program
- 347 companies have completed benchmarking including 127 PROBE benchmarks, 191 Core Value benchmarks with 29 Federal Government Entrepreneurs' Program benchmarks also recognised.
   90 registrations were ineligible for benchmarks.
- 76 applications have been received.
  - 17 applications have been approved totalling \$4,794,556
  - 1 application has been rejected
  - 3 applications have been withdrawn
  - 55 applications under assessment including commercial due diligence
- \$41, 042,191 total dollar amount sought from all applications

Contentious issues since 30 June 2017

A MIQ applicant, Sch. 3(8)(1) - wrote to the Honourable Curtis Pitt MP, Treasurer and Minister for Trade and Investment earlienfidince, the year. The Treasurer replied and referred the company to the Honourable Dr Antipony 1 ham, Minister for State Development and Minister for Natural Resources and Mines. Following significant engagement with the Department regarding their application Sch. 3(8)(1) - have since decided to withdraw their application of research of the department warre company advised that the grant process is very release and the requests from the department warre concerns also said that being part of the MIQ process gave them insight on how to better plannand manage projects like this such as having clarity on what the project, the resources required and how best to quantity/mitigate risks.

Sch. 3(8)(1) - Breach of confidence, Sch. 4(3)(15) Prejudice trade secrets, business affairs or research of an agency or person

Any other issues or developments since 30 June 2017

- DSD has previously advised that assessment of grant applications is taking longer than initially anticipated due
  to the volume, complexity and quality of applications received. Assessment processes are being re-engineered
  and an external engineering/professional services firm (GHD) has been procured to speed up the assessment
  process, in addition to earlier resourcing increases and amendments to application guidelines.
- While not all of the applications will be successful (in whole or part), given there are still 335 businesses with a completed benchmark and the potential to lodge an application for funding, it is possible the \$20 million funding may be exhausted prior to some businesses submitting an application for funding. DSD will continue to review this situation over coming weeks.
- . Grants approved to date are:
  - Gessner Industries and Global Rotomoulding were the first two manufacturers to be approved. Both were announced on 30 May 2017.
  - Mastercut Technologies was the third manufacturer to be approved. Minister Lynham announced their successful grant on 2 August 2017.
  - CSF Industries (Cairns) was approved in the week starting 3 July 2017. The Treasurer announced their successful grant via media release on 16 August 2017.

- Lionel Moore Trailers (Darling Downs) was approved in the week starting 3 July 2017 and DA Hall & Co (Darling Downs) was approved week starting 10 July 2017. Minister Lynham announced their successful grants on 8 August 2017.
- Luina Bio (Darra) was approved week starting 24 July 2017. It is understood that the Premier would like to announce this successful grant
- Sch. 4(3)(15) Prejudice trade secrets, business affairs or research of an wascapproved week starting 31 July 2017.

Sch. 4(3)(15) - Prejudice trade secretwas approved week starting 14 August 2017.

business affairs or research of an agency or Peilstant Prints (Seventeen Mile Rocks) and Sch. 4(3)(15) - Prejudice was approved week starting 28 August trade secrets, business affairs or research of an agency or Peilstant Prints (Seventeen Mile Rocks) and Sch. 4(3)(15) - Prejudice was approved week starting 28 August trade secrets, business affairs or research of an agency or

Toowoomba Engineering (Toowoomba), Express Industries (Arundel), SWC Management (Brendale), Fleming's Welding Service (Roma), Wickham Farms Killarney (Killarney) and a second Sch. 4(3)(15) - Prejudice trade secrets, business affairs or research of an agency or person

Toowoomba Engineering (Toowoomba), Express Industries (Arundel), SWC Management (Brendale), Fleming's Welding Service (Roma), Wickham Farms Killarney (Killarney) and a second Sch. 4(3)(15) - Prejudice trade secrets, business affairs or research of an agency or person

#### **MIQ Speaking Points**

#### The MIQ Program:

- Made in Queensland (MIQ) is a \$20M state-wide grants program targeted at small to medium manufacturing enterprises (SMEs) across Queensland.
- It provides dollar for dollar grants, from \$50,000 to \$2.5M, dedicated to supporting the state's manufacturing industry.
- It helps business to become more internationally competitive and adopt advanced processes and technologies.
- The program is aimed at supporting existing and increasing the number of jobs in Queensland manufacturing and growing Queensland's economy.

#### Key statistics on the MIQ program:

- Since the opening of the Made in Queensland program on 30 January 2017:
  - o 566 registrations of interest have been received
  - o 347 companies have completed a benchmark
  - 55 applications are currently being actively assessed across a range of sectors including: biomedical; biofutures; agriculture; food; oil and gas, mining; metal materials; automotive; other materials; lighting, optics and electronics.

#### Grants awarded:

- To date, grants have been awarded to:
  - Global Rotomoulding, a plastics manufacturer based at Helidon, Lockyer Valley for a project aimed at streamlining their operations
  - Gessner Industries, a manufacturer of equipment for the agricultural, industrial, mining and construction sectors in Toowoomba – also for a project designed to streamline their operations.
  - Mastercut A Gold Coast based high-precision parts manufacturer will install specialised CNC folding machine to boost their business. Their new machinery will eliminate the need to outsource a crucial function interstate and abroad.
    - CSF Industries A Cairns-based business, will transition its structural steel solutions operations through the integration of advanced welding equipment with a large-scale, automated robotic steel fabrication system.
    - DA Hall A Darling Downs based manufacturer, the grant will allow them to grow their production from 40 million dozen eggs per year to an incredible 56 million dozen and capitalise on changing markets and growth opportunities.
  - LM Trailers A Darling Downs trailer manufacturer is set to increase their production by approximately 50 per cent with the installation of an automated laser cutting machine.

#### Manufacturing:

- Manufacturing is fundamental to a modern, competitive economy and is vital as a source of innovation, exports and jobs.
- Manufacturing is the sixth largest employer in the state:
  - o 16,400 companies
  - 169,800 workers (80 per cent full time).
- Manufacturing employment grew by 5.5 per cent in the 12 months to November 2016.
- In 2015-16, Queensland's manufacturing export earnings totalled around
   \$16B or nearly a third (32.8 per cent) of Queensland's total export earnings.

#### Advanced Manufacturing Roadmap:

- MIQ complements the government's Advance Queens and Advanced Manufacturing 10-Year roadmap and Action Plan which was released on 14 December 2016.
- An important initiative of the Roadmap is the introduction of an Advanced Manufacturing Benchmarking Program. Undertaking a benchmark assessment enables enterprises to measure their performance against international best practice and identify improvement opportunities to grow and innovate.

#### Benchmarking assistance:

Undertaking a benchmark is a pre-requisite for the MIQ grants. Grant funding
is used to assist the enterprise to address the issues identified in their tailored
Benchmarking Report in order to improve the competitiveness of their
business, leading to improve dommercial outcomes and contributing to the
creation of high-skilled jobs.

#### Government assistance:

- MIQ is a \$20M state-wide grants program targeted at small to medium manufacturing enterprises (SMEs) across Queensland.
- MIQ is a clear demonstration of the practical and tangible assistance the
  government is providing to small to medium manufacturers to assist them to
  stay competitive, become more innovative and ultimately to support and grow
  this important sector and its knowledge based jobs of the future.



# Department of State Development Ministerial request for information

Source: WR17/ xxx

#### SUBJECT:

Made in Queensland program update

#### KEY ISSUES:

- Made in Queensland (MIQ) is a \$20M state-wide grants program targeted at small to medium manufacturing enterprises (SMEs) across Queensland.
- It provides dollar for dollar grants, from \$50,000 to \$2.5M, dedicated to supporting the state's manufacturing industry and helps business to become more internationally competitive and adopt advanced processes and technologies.
- The program is aimed at supporting existing and increasing the number of jobs in Queensland manufacturing and growing Queensland's economy.

  The program is aimed at supporting existing and increasing the number of jobs in Queensland manufacturing and growing Queensland's economy.
- To date, grants have been awarded to:
  - o Global Rotomoulding, a plastics manufacturer based at Helidon, Lockyer Valley for a project aimed at streamlining their operations
  - o **Gessner Industries**, a manufacturer of equipment for the agricultural, industrial, mining and construction sectors in Toowoomba—also for a project designed to streamline their operations.
    - Both Gessner and Global Rotomoulding are implementing Enterprise resource planning (ERP) systems which are designed to manage an organisation's policies, procedures and processes and facilitate and promote process improvements within the organisation. The new systems they'll implement with Made in Queensland funding are going to take them to a new level of efficiency and growth.
  - o Mastercut A Gold Goast based high-precision parts manufacturer will install specialised CNC folding machine to boost their business. Their new machinery will eliminate the need to outsource a crucial function interstate and abroad.
  - CSF Industries A Cairns-based business, will transition its structural steel solutions operations
    through the integration of advanced welding equipment with a large-scale, automated robotic steel
    fabrication system.
  - DA Hall—A Darling Downs based manufacturer, the grant will allow them to grow their production from 40 million dozen eggs per year to an incredible 56 million dozen and capitalise on changing markets and growth opportunities.
  - LM Trailers A Darling Downs trailer manufacturer is set to increase their production by approximately 50 per cent with the installation of an automated laser cutting machine.

Author: Karl Sikora Business Group: EID Telephone: 345 27305 Approved by:Denise Johnston A/Deputy Director-General: Business Group: EID Telephone: 34527038 Approved by Michael Schaumburg Director-General:

Telephone: 3452 7029

ne: 34527038 RTIP1718-018 Page 73

...../ 2017

- Since the opening of the Made in Queensland program on 30 January 2017:
  - 566 registrations of interest have been received
  - 347 companies have completed a benchmark
  - 55 applications are currently being actively assessed across a range of sectors including: biomedical biofutures; agriculture; food; oil and gas, mining; metal materials; automotive; other materials; lighting, optics and electronics.
- Manufacturing is fundamental to a modern, competitive economy and is vital as a source of innovation, exports and jobs.
- Manufacturing is the sixth largest employer in the state:
  - 16,400 companies
  - 169,800 workers (80 per cent full time).
- Manufacturing employment grew by 5.5 per cent in the 12 months to Movember 2016.
- In 2015-16, Queensland's manufacturing export earnings/to/talled around \$16B or nearly a third (32.8 per cent) of Queensland's total export earnings.
- MIQ complements the government's Advance Queensland Advanced Manufacturing 10-Year Roadmap and Action Plan which was released on 14-December 2016.
- An important initiative of the Roadmap is the introduction of an Advanced Manufacturing Benchmarking Program. Undertaking a benchmark assessment enables enterprises to measure their performance against international best practice and identify improvement opportunities to grow and innovate.
- Undertaking a benchmark is a pre-requisite for the MIQ grants. Grant funding is used to assist the enterprise to address the issues identified in their tailored Benchmarking Report in order to improve the competitiveness of their business, leading to improved commercial outcomes and contributing to the creation of high-skilled jobs
- MIQ is a clear demonstration of the practical and tangible assistance the government is providing to small to medium manufacturers to assist them to stay competitive, become more innovative and ultimately to support and grow this important sector and its knowledge based jobs of the future.

#### Not for publication:

The following grants have been awarded but have not been announced:

uina Bio (Darra)

4(3)(15) - Prejudice trade secrets, business affairs or research of an agency or

Brilliant Prints (Seventeen Mile Rocks)

Sch. 4(3)(15) - Prejudice trade secrets, business affairs or

reFerowoombærEngineering (Toowoomba),

Emery Industries (Arundel),

SWC Management (Brendale),

Fleming's Welding Service (Roma),

Wickham Farms Killarney (Killarney)



#### **Elizabeth Dickens**

From: Robyn Adams

Sent: Wednesday, 4 October 2017 5:10 PM

To: DSD DLO

Cc: Nicole Morgan; Elizabeth Dickens; Carly Alder
Subject: FW: Phone request from DLLO on MIQ
Attachments: MIQ General Information 4 Oct.docx

#### Hi Manuela

As requested, attached is the updated Made in Queensland general information document for the Minister for tomorrow morning. Denise as A/DDG has approved.

#### thanks



# Queensland Government

#### Robyn Adams

**Director - Business Coordination** 

Office of the Deputy Director-General - Economic and Industry Development
Office of the Deputy Director-General - Industry Partnerships

Department of State Development

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www.statedevelopment.old.gov.au

personal information

From: Danielle Ellem

Sent: Wednesday, 4 October 2017 4:28 PM

To: Robyn Adams < Robyn. Adams@dsd.gld.gov.au>

Subject: Phone request from DLLO on MIQ

#### Hi Rob

As I mentioned on the phone, Treceived a phone call from Manuela this afternoon in relation to a visit the Minister is undertaking tomorrow. The Minister will be visiting Emery Industries on the Gold Coast at 9am, in relation to their recent MIQ grant. Manuela requested two items:

Confirmation of the DSD officer attending
 Gary Krishna, Regional Director, will be attending to support the Minister

Updated general information on MIQ

See attached

Can you please arrange relevant approvals and forward to the DSD DLO address?

Thanks!

#### **Danielle Ellem**

A/Executive Director, Industry Sectors Economic and Industry Development Department of State Development



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personal
information





# Department of State Development Ministerial request for information

Source: WR17/ xxx



Made in Queensland program update

#### KEY ISSUES:

- Made in Queensland (MIQ) is a \$20M state-wide grants program targeted at small to medium manufacturing enterprises (SMEs) across Queensland.
- It provides dollar for dollar grants, from \$50,000 to \$2.5M, dedicated to supporting the state's
  manufacturing industry and helps business to become more internationally competitive and adopt
  advanced processes and technologies.
- The program is aimed at supporting existing and increasing the number of jobs in Queensland manufacturing and growing Queensland's economy.
- · To date, grants have been awarded to:
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  - Gessner Industries, a manufacturer of equipment for the agricultural, industrial, mining and construction sectors in Toowoomba – also for a project designed to streamline their operations.
    - Both Gessner and Global Rotomoulding are implementing Enterprise resource planning (ERP) systems which are designed to manage an organisation's policies, procedures and processes and facilitate and promote process improvements within the organisation. The new systems they'll implement with Made in Queensland funding are going to take them to a new level of efficiency and growth.
  - Mastercut A Gold Coast based high-precision parts manufacturer will install specialised CNC folding machine to boost their business. Their new machinery will eliminate the need to outsource a crucial function interstate and abroad.
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Author: Karl Sikora Business Group: EU Telephone: 345 27305 Approved by:Denise Johnston A/Deputy Director-General: Business Group: EID Telephone: 34527038

- Brilliant Prints A Seventeen Mile Rocks specialist printer producing quality canvas prints for retail clients, professional photographers, artists, interior designers and commercial clients. The funding from their grant will be used to install a technologically advanced printing and processing system.
- SWC Management located at Brendale, provides natural and engineered stone, porcelain and glass products. The project is to commission automated technology for stone sawing and edge polishing to increase productivity.
- Fleming's Welding Service A Roma manufacturer will establish a modern surface finishing capability with certified personnel to operate it.
- Emery Industries located at Arundel, which designs and produces medical equipment like stainless steel trolleys and IV poles. The project is to install a fibre laser cutter to reduce processing time to improve cutting / notching / etching time.
- Since the opening of the Made in Queensland program on 30 January 2017:
  - o 570 registrations of interest have been received
  - o 320 companies have completed a benchmark
  - 58 applications are currently being actively assessed across a range of sectors including: biomedical, biofutures; agriculture; food; oil and gas, mining; metal materials, automotive; other materials; lighting, optics and electronics.
- Manufacturing is fundamental to a modern, competitive economy and is wital as a source of innovation, exports and jobs.
- · Manufacturing is the sixth largest employer in the state:
  - o 16,400 companies
  - o 169,800 workers (80 per cent full time).
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  enterprise to address the issues identified in their tailored Benchmarking Report in order to improve
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  the creation of high-skilled jobs.
- MIQ is a clear demonstration of the practical and tangible assistance the government is providing to small to medium manufacturers to assist them to stay competitive, become more innovative and ultimately to support and grow this important sector and its knowledge based jobs of the future.



Commented [DE1]: NB: this grant will be announced at 9am tomorrow, this general information sheet should not be used until then

Commented [DE2]: Does not include benchmarks already completed through other programs, only benchmarks paid for by DSD.





#### **Elizabeth Dickens**

From:

DSD DLO

Sent:

Wednesday, 18 October 2017 12:10 PM

To:

Robyn Adams; DSD DLO

Cc:

Nicole Morgan; Elizabeth Dickens

Subject: Attachments: RE: MiQ stats - as at 13 October 2017 MIQ General Information 4 Oct.docx

Hi Robyn

The MO are happy for the following information to be added to the attached monthly report no need for a weekly

update

Queensland

Government

Regards

inda Lloyd

Departmental Liaison Officer

Cabinet Services

Department of State Development

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From: Robyn Adams

Sent: Friday, 13 October 2017 4:45 PM To: DSD DLO <DLO@dsd.qld.gov.au>

Cc: Nicole Morgan <Nicole.Morgan@dsd.qld.gov.au>; Flizabeth Dickens <Elizabeth.Dickens@dsd.qld.gov.au>

Subject: RE: MiQ stats - as at 13 October 2017

Hi Linda

MIQ Information as requested:

As of 13 October, 22 grants have been given totalling \$7,341,970, with the potential to create up to 237 jobs, and more than 325 have received industry-leading benchmarking sessions free of charge, to identify potential improvements and ways they can grow their business - a valuable resource for any business.

Thanks

Robyn



Government

Robyn Adams

Director - Business Coordination

Office of the Deputy Director-General - Economic and Industry Development Office of the Deputy Director-General - Industry Partnerships

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information

RTIP1718-018 Page 80

From: DSD DLO

Sent: Friday, 13 October 2017 11:19 AM

To: Robyn Adams < Robyn. Adams@dsd.gld.gov.au> Cc: Nicole Morgan < Nicole. Morgan@dsd.qld.gov.au>

Subject: MiQ stats

Hi Robyn

The MO has requested a weekly summary of MiQ stats as per the following email.

Would you kindly arrange preparation of a weekly report for onforwarding to me.

Would you kindly confirm when this can commence and on which day of the week this surpriary will be forwarded,



Government

inda Lloyd

Departmental Liaison Officer Cabinet Services

Department of State Development

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From: Andrew Evans

Sent: Friday, 13 October 2017 11:09 AM

To: DSD DLO <DLO@dsd.qld.gov.au>

Cc: Sam Morrison <Sam.Morrison@dsd.qld.gov.au>; Kap Sikora <Karl.Sikora@dsd.qld.gov.au>; Media

< Media@dsd.qld.gov.au >; Sarah Thearle < Sarah. Thearle@dsd.qld.gov.au >; Colleen Butterfield

<Colleen.Butterfield@dsd.qld.gov.au

Subject: MiQ strats

Hi Linda,

In the OD Jan asked that we start getting weekly summaries of MiQ along the lines of

As of 13 October, xx grants have been given totalling \$X creating X jobs, and more than XX have received industry-leading benchmarking session free of charge, to identify potential improvements and ways they can grow their business - a valuable resource for any business.

This is now briggently required for a DG speech that we have had to do. Can you please find out for me and arrange for this to be done weekly.

Thanks Andrew



Government

#### **Andrew Evans** Media Manager

**Engagement, Communication and Media** 

Department of State Development

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