

# Procurement Policy (v7.0)

## VERSION HISTORY

Rev No.	Date	Revision Description	Approval
1.0	2 March 2015	Amalgamation of Procurement Policy and probity procedures to create new Policy.	CEO March 2015
2.0	23 June 2016	Update of procurement thresholds and inclusion of Contracts and Supplier Management Procedure.	CEO June 2016
3.0	20 October 2017	Update of procurement thresholds.	CEO 25 October 2017
4.0	March 2020	Update of the procurement framework following organisational reset.	CEO 12 June 2020
5.0	January 2024	Periodic review including amendments to ensure fit for purpose.	CEO 22 January 2024
6.0	January 2025	Review to ensure compliance with Buy Local Guidelines	CEO 7 March 2025
7.0	April 2025	Update of procurement thresholds and contracting requirements.	Acting Chief Executive Officer 28 May 2025

## AUTHORISATIONS

<b>Prepared by:</b>	Head of Legal	January 2025
<b>Reviewed by:</b>	Head of Risk and Compliance	April 2025
<b>Endorsed by:</b>	Company Secretary/General Counsel	May 2025
<b>Approved by:</b>	Acting Chief Executive Officer	May 2025
<b>Next Review Due:</b>	3 yearly	May 2028

## CONTACT FOR ENQUIRIES (POLICY OWNER)

Oliver Cousland – Company Secretary/General Counsel

## 1. Introduction

Aurora Energy is a State Owned Company and is subject to public scrutiny for the use of its funds. It takes seriously its responsibility to ensure that its processes for procurement and purchasing operate with open, impartial and effective competition, and due regard for 'Buy Local' considerations, value for money and probity.

## 2. Purpose

The purpose of this Policy is to provide a framework in which the procurement of goods and services is conducted in a manner that is consistent with the procurement principles, while enabling Aurora Energy to successfully deliver its commercial and strategic outcomes.

## 3. Scope

The Contract Owner responsible for the procurement of goods and services is ultimately accountable for ensuring the procurement principles and requirements in this Policy are met. All employees and contractors are responsible for complying with this Policy.

This Policy does not apply to energy purchasing contracts or energy contracts with other State Owned Companies or Government Business Enterprises.

## 4. Definitions

<b>ALT</b>	means the Aurora Energy Leadership Team.
<b>Contract Owner</b>	means the Aurora Energy employee who is ultimately responsible for the management of their respective supplier engagements and contracts (if required). The 'Contract Owner' is typically the Aurora Energy Senior Leadership Team member for the relevant business area.
<b>Open RFP</b>	is a procurement method and means a RFP that is made available to the general public.
<b>Probity Advisor</b>	means an external person appointed as such who is responsible for monitoring and/or managing any conflicts of interest, ensuring compliance with processes and procedures, checking completeness of documentation and records of minutes, and providing a final probity clearance report.
<b>Procurement</b>	means the activities and processes undertaken to acquire goods or services for Aurora Energy.
<b>Restricted RFP</b>	is a procurement method and means a RFP that is made available to a select group of suppliers.
<b>RFP</b>	is a procurement method and means a request for proposal.
<b>RFQ</b>	is a procurement method and means a request for quote.

## 5. Policy

### 5.1 Procurement Principles

Aurora Energy's procurement processes are governed by the following key principles.

#### 5.1.1 Buy Local

Aurora Energy complies with the Tasmanian Government's Buy Local Policy, to the extent it applies to State Owned Companies through the application of the Guidelines for Tasmanian Government Businesses Buy Local (or any successor to that Guideline) and the *Treasurer's Instruction – Buy Local GBE 13-114-11* (or any successor to that Instruction) ('Buy Local Policy'). This requires Aurora Energy to implement appropriate policies and procedures to support purchasing from Tasmanian businesses.

Aurora Energy is committed to undertaking procurement in a way that seeks to maximise the opportunities for Tasmanian businesses and that is consistent with the principles of:

- value for money;
- open, impartial and effective competition;
- probity and ethical procurement; and
- enhancing opportunities for Tasmanian businesses (as per this Section 5.1.1).

Aurora Energy will actively seek bids from capable and suitable Tasmanian businesses (if available) and ensure that Tasmanian businesses are not disadvantaged during procurement activities.

A key element of the Buy Local Policy that applies to Aurora Energy and its suppliers is the need for a Tasmanian Industry Participation Plan ('TIPP') for purchases over \$5M, over the life of the engagement. Prior to finalisation of a contract, the relevant supplier must submit a TIPP to Aurora Energy for approval by the Chief Executive Officer. An executive summary of the TIPP must also be prepared and submitted to the Department of Treasury and Finance by Aurora Energy (in coordination with Aurora Energy's Corporate Affairs Manager) within 10 days of execution of the contract with the supplier, for publication on the Tasmanian Government purchasing website.

This process also applies to panel arrangements where the total panel value is estimated to be \$5M or more, over the life of the panel contracts. A TIPP and executive summary must be prepared and submitted for each panel member in accordance with the above process. If the total panel value cannot be determined, a conservative approach should be adopted by preparing a TIPP and executive summary for each panel member. For clarity, where a TIPP is required it must be completed by each successful supplier on the panel.

For purchases with a value greater than \$2 million up to (and including) \$5 million, a TIPP may be required at Aurora Energy's discretion.

Aurora Energy will also report on purchases, consultants and the use of Tasmanian businesses in its Annual Report.

#### 5.1.2 Value for Money

Value for money is the outcome that gives the best value for Aurora Energy overall and it does not necessarily mean the lowest price; depending on the context, it may involve assessing a number of considerations as part of the procurement process, for example:

- the total cost of sourcing and procuring the goods or services, and any ongoing costs (such as licence fees or support and maintenance);

- any time required by internal resources to work with the supplier (such as project management, implementation, ongoing support or transitioning to a new supplier);
- the timeframes to finalise any deliverables;
- the experience and expertise of key personnel;
- payment terms;
- any potential advantages of buying locally;
- any economic or social factors, including but not limited to:
  - climate change and environmental considerations, including energy conservation or sustainability (where relevant); or
  - diversity, inclusion and indigenous considerations.
- any cyber security considerations;
- whether there is potential for creating strategic partnerships.

### **5.1.3 Open, Impartial and Effective Competition**

Open, impartial and effective competition in procurement encourages competitive tension and offers, and ensures that suppliers and the public can have confidence in the procurement outcomes. Staff must use transparent and appropriate market testing for procurement in accordance with this Policy.

When undertaking a competitive process, all bidders will be provided with identical information, given equal opportunity to meet the requirements, and treated consistently and equitably. For a RFP, the evaluation criteria (for example, Buy Local, experience and expertise of key personnel) and weightings will be established prior to issuing the RFP. The evaluation criteria and weightings will be outlined in the RFP and all bidders will have access to the same information, for the same amount of time.

### **5.1.4 Probity and Ethical Procurement**

Probity is “complete and confirmed integrity and honesty” and is evidence of ethical behaviour in the procurement process. The broad objectives of probity are to provide accountability, ensure confidence in the procurement outcomes (from potential suppliers and the public) and improve defensibility of decisions against potential legal challenge or other external scrutiny. Probity in the procurement process is the responsibility of all stakeholders involved.

Regardless of the procurement method, Aurora Energy will ensure an ethical approach is taken and will adopt probity principles, including:

- transparency;
- fairness;
- impartiality;
- identification and resolution of actual and potential conflicts of interest; and
- accountability.

Conflicts of interest that may arise during procurement are varied, but may include financial interests, legal interests, external associations and indirect personal interests. Staff must not allow themselves to be improperly influenced by family, personal or business relationships, and all actual or potential conflicts of interest must be managed in accordance with the Aurora Energy Conflict of Interest, Gifts & Benefits Procedure. When a RFP is being conducted, a ‘Conflict of Interest’ declaration must be signed by all panel members prior to an evaluation to confirm that they do not have a conflict of interest. Evaluation panel members have a continuing obligation to disclose conflicts of interest that may arise after the ‘Conflict of Interest’ declaration has been signed.

Throughout an entire procurement (for example, from when a RFP is advertised through to the end of contract negotiations and execution of the contract), staff must not:

- discuss the procurement with any potential suppliers (including the identity of other potential suppliers, the contents of a RFP and/or responses to a RFP); or
- accept gifts, hospitality, travel or accommodation from any potential suppliers.

A Probity Advisor may also be appointed for the duration of a competitive process where the probity risks for a procurement is particularly high or the circumstances otherwise require it. The Legal Team should be consulted about the appointment of a Probity Advisor. Where a Probity Advisor has been appointed, a 'Probity Plan' may also be prepared to document the particular probity obligations throughout the competitive process.

## **5.2. Procurement Process**

### **5.2.1 Classifications and Methods**

Aurora Energy procures a wide range of goods and services to meet a variety of business needs. The procurement approach should be fit for purpose for each engagement and determined based on what goods and services are being procured, their value, strategic importance and their potential risks (for example, cybersecurity risks), while ensuring there are adequate controls in place to ensure that the requirements of this Policy are met.

There are three categories that a procurement can fall into and this will determine the specific requirements which must be followed:

- **Commodity and Small Engagements:** this category covers low risk engagements, that are generally valued under \$100,000 over the life of the engagement (and if the life of the engagement is unknown, calculated over a five-year term). This category typically includes purchasing commodity goods and services, software licence subscriptions for non-core business applications, and one-off engagements.
- **BAU and Professional Services:** this category covers medium to high risk engagements, that are generally valued between \$100,000 and \$500,000 over the life of the engagement (and if the life of the engagement is unknown, calculated over a five-year term). This category may include engagements such as professional services where there is some risk involved or software licences.
- **Strategic and Essential Services:** this category covers the highest risk engagements, that are generally valued above \$500,000 over the life of the engagement (and if the life of the engagement is unknown, calculated over a five-year term). This category also includes engagements that are considered strategic (regardless of value) such as core-business operating systems and licences.

The table in Schedule 1 provides a more comprehensive overview of how to classify an engagement into the categories listed above, and the procurement principles and methods for each category. Staff must consult with the Legal Team as early as possible to help identify the appropriate approach.

### **5.2.2 Record Keeping**

It is important to maintain complete and accurate business records in Aurora Energy's designated document management system throughout any procurement process. The level of records required should be commensurate with the risk, value and complexity of the procurement. Maintaining accurate records supports decision making, demonstrates policy and legal compliance, aids with the retention of corporate knowledge and ensures documentation is available if and as required.

### **5.2.3 Policy Exemption**

If there are commercial grounds, or the counterparty is an Exempted Counterparty under the Delegation Policy, a Contract Owner may request approval in writing to the Authorised Delegate under the Delegation Policy for an exemption to the required Procurement Method under this Policy.

## **6. Key Stakeholder Responsibilities**

### **6.1 Board**

The Board is accountable for ensuring Aurora Energy complies with Government directions in relation to procurement activities including meeting the reporting requirements under the Buy Local Policy.

### **6.2 Chief Executive Officer**

The CEO approves this Policy in accordance with the Aurora Energy Policy Framework and ensures adequate and robust policies and procedures are in place to enable the Policy to be effectively implemented.

The CEO is also responsible for ensuring Aurora Energy has appropriate procedures and processes in place to meet Government directions in relation to procurement activities and for approving TIPPs when they are required.

### **6.3 Aurora Energy Leadership Team**

The ALT is responsible for the implementation of Policy obligations throughout their respective areas of the business. The ALT has a responsibility to:

- ensure staff within their business areas are aware of appropriate procurement practices;
- act in the best interests of Aurora Energy in relation to any procurement that they recommend or authorise;
- receive and act upon reports of actual or potential conflicts of interest or probity issues in accordance with approved procedures; and
- critically review procurement processes and documentation, and provide considered and timely opinion and approval when appropriate.

### **6.4 Contract Owners**

The Contract Owner responsible for the procurement is ultimately accountable for ensuring the procurement principles are met and the obligations in this Policy are complied with. Specifically, the Contract Owner must ensure they:

- comply with this Policy and its supporting procedures and documents;
- maintain complete and accurate records (including the generation of records to support decision making) of procurement activity in Aurora Energy's designated document management system;
- engage with procurement in a way that is consistent with this Policy; and
- consider Aurora Energy's cybersecurity requirements and risks as part of all procurement activities.

### **6.5 Legal Team**

The Legal Team is responsible for administering this Policy and supporting the business in its effective implementation and management.

The Legal Team is responsible for:

- providing training, support and advice in relation to the procurement framework and procurement activities in accordance with this Policy;
- assisting the business and Contract Owners with procurement activities; and
- keeping complete and accurate records (including probity matters and advice relied upon to support all stages of the procurement process) of procurement activity in Aurora Energy's designated document management system.

## **7. Non-compliance with this Policy**

All non-compliances with this Policy will be recorded in accordance with the Compliance Policy.

Any non-compliances that are risk-rated as Severe or Major will be escalated to the Board or a relevant Board Committee through Aurora Energy's non-compliance reporting processes.

Non-compliances that are risk-rated as Moderate or Minor will be reported to the Chief Executive Officer.

Incidents of wilful non-compliance with this Policy are considered to be serious and will be dealt with in accordance with Aurora Energy's normal performance management process, up to and including dismissal.

## **8. Related Policies**

- Risk Management Policy (Lead Policy).
- Compliance Policy.
- Delegation Policy.
- Aurora Energy Code of Conduct.
- Conflict of Interest, Gifts and Benefits Procedure.
- Fraud and Corruption Policy.
- Payment of Accounts Guideline.
- Purchase Card Policy.
- Supplier & Contract Management Policy.
- Supplier Code of Conduct.

## **9. Precedence**

In the event of a conflict between policies, the following precedence will apply in this order to the extent of any inconsistency:

- Board approved Policy.
- Chief Executive Officer approved Policy.
- Business approved Procedure.
- Business approved Work Practice.

## **10. Policy Approval and Review**

The CEO is responsible for approving this Policy at least every three years or earlier if a significant change occurs to the business which may impact the Policy.

## 11. Whistleblowing Statement

In extreme circumstances an individual may be concerned that a serious breach of this Policy has occurred but considers that it would be personally damaging to pursue it through normal channels. In such circumstances the individual should refer to Aurora Energy's Public Interest Disclosure Policy for information about how to report such a concern and to whom.

Aurora Energy's Public Interest Disclosure Policy ('whistleblower' policy) is based on the *Public Interest Disclosures Act 2002* (Tas). This Policy is available on both Aurora Energy's external website and its internal intranet.

Delegated Officers under the Public Interest Disclosure Policy will do all that is possible and practicable to ensure the identity of the individual and the identity of the person who is the subject of the disclosure are kept confidential.

## 12. Publication

This Policy, **excluding** its Schedule, is approved for publication on Aurora Energy's external website and intranet. The Policy Schedule is approved for publication on Aurora Energy's intranet only.

**Approved by the Acting Chief Executive Officer on 28 May 2025.**



**Acting Chief Executive Officer**