

## **1. Policy intent**

- 1.1 The Procurement Policy (this policy) sets out Council’s principles and intent for the procurement of goods and services.
- 1.2 Council has at its heart the support of local business and development of competitive local industry so as to improve the local economy.
- 1.3 Council procurement activities aims to achieve advantageous outcomes by:
  - a. promoting value for money with integrity and accountability
  - b. advancing Council’s economic, social and environmental policies
  - c. promoting a Buy Local preference
  - d. promoting compliance with relevant legislation.

## **2. Scope**

The procurement of all goods and services by Council must be carried out in accordance with the *Local Government Act 2009* (the Act), the *Local Government Regulation 2012* (the Regulation) and the *Work Health and Safety Act 2011*. This policy applies to the procurement of all goods, equipment and related services, construction and service contracts (including maintenance) and consultancies. It is the responsibility of all Council officers to understand the meaning and intent of this policy. It is a requirement of the Code of Conduct that all employees comply with this policy.

## **3. Background/supporting information**

### **3.1 Legislative references**

- 3.1.1 *Local Government Act 2009*
- 3.1.2 *Local Government Regulation 2012*
- 3.1.3 *Work Health and Safety Act 2011*
- 3.1.4 *Work Health and Safety Regulation 2011.*

### **3.2 Related documents**

- 3.2.0 Purchasing Procedure
- 3.2.1 Tendering Procedure
- 3.2.2 Work Health and Safety Policy Statement

## 4. Definitions

To assist in interpretation, the following definitions shall apply:

Buying Arrangements	Exceptions under the legislation that enable Council to reduce Minimum Quotation Thresholds.
Council	Tablelands Regional Council.
Council Officer	An officer employed by Council, including an authorised agent or contractor working with actual authority on behalf of Council.
Emergency	A genuine sudden state or condition considered a risk to public safety, workplace health and safety or legislative requirements which requires a significant and immediate response.
Local Supplier	A business entity that has its principal place of business/registered office within the Tablelands Regional Council Local Government Area (LGA), or otherwise has a place of business within the Tablelands Regional Council LGA which solely or primarily employs persons who are residents or ratepayers within the Tablelands Regional Council LGA.
Procurement	The process by which goods and services are obtained and involves tasks such as (but not limited to) market research, requirements identification, planning, specification writing, budget considerations, contract administration, purchasing and supplier performance.
Sole Supplier	Where goods or services are only available from the one original source or available from only one stockist, agent or supplier with the constraints of logistics making it not viable for other suppliers to compete for the supply.
Suppliers	Any supplier/contractor/consultant supplying goods and/or services to Council.
the Act	<i>Local Government Act 2009.</i>
the Regulation	<i>Local Government Regulation 2012.</i>

## 5. Policy statement

- a. In accordance with s.198 of the Regulation, this policy incorporates relevant requirements regarding the procurement of goods and services and the carrying out of the sound contracting principles as stated in s 104 of the Act.
- b. The application of the principles and intent of this policy will be detailed in Council's procedures.

## 5.1 Probity

- 5.1.1 Probity or procedural integrity is an essential and mandatory requirement for all Council officers (including agents or contractors acting on behalf of Council) when undertaking any procurement related activity. This includes processes when inviting quotations, tenders and any evaluations and recommendations associated with subsequent contracts or purchases.
- 5.1.2 Council officers are accountable for ensuring that procurement decisions are supported by ethical, impartial and objective processes with relevant supporting documentation. This includes for example formal declarations regarding conflicts of interest as part of the standard tender evaluation documents.
- 5.1.3 Council must uphold and demonstrate the highest standards of probity in all procurement related activities that it undertakes.

## 5.2 Development of competitive local business and industry

Council requires all procurement activities to, as far as is reasonably possible, directly contribute to the local economy and the development of competitive local businesses and industry within the Tablelands Regional Council LGA.

### 5.2.1 Local business preference

- a. In accordance with s104 – Sound Contracting Principles of the Act, Council wishes to consider the principles and objectives of enhancing the capabilities of local business and industry as part of the process of making purchasing decisions. To that end, local suppliers will be allowed certain concessions in respect of procurement arrangements.
- b. Council will use the local business preference combined with contracts to develop local business and to encourage and enhance their competitive standards over time.
- c. Subject to the local business preference principles above, the following criteria may be considered in evaluating offers and tenders:
- i. creation of local employment opportunities
  - ii. more readily available servicing and technical support
  - iii. more convenient communications for contract management
  - iv. economic support and growth within the local area
  - v. benefit to Council of associated local commercial transactions.
- d. In pursuit of the goals of this policy, Council require all procurement activities to consider local suppliers first. Officers will provide to Council details, including reasons, of all purchase orders raised on 'non-local' suppliers, excluding previously approved sole supply arrangements, in the monthly reporting program.
- e. Tender evaluations will include specific local business preference criteria, with local businesses automatically scoring 10, and non-local businesses scored at zero.
- f. To afford opportunity to local business and advance the intent of this policy, officers must consider prices from local suppliers as competitive against non-local suppliers where a variance exists of:
- i. up to 10% for purchases up to and including \$50,000 (ex GST)
  - ii. up to 5% for purchases and contracts above \$50,000 (ex GST).

## 5.3 Sound contracting principles

Council officers must ensure regard is given to the Sound Contracting Principles when entering into a contract or arrangement for the supply of goods, services or disposal of assets.

### 5.3.1 Value for money

- a. Council must use its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. When assessing value for money Council will also consider whole of life costs, and any quantifiable associated internal and external impacts.
- b. Officers will pursue value for money through arrangements with local suppliers for frequently procured items and classes of items.

### 5.3.2 Open and effective competition

Council will conduct procurement activities in a manner which fosters open competition through inclusive and simplified processes, consistent application of standards and fair and equitable consideration to all prospective suppliers.

### 5.3.3 The development of competitive local business and industry

Council encourages and supports the development of competitive local businesses within its local government area. Council will consider the broader local economic benefit of all procurement decisions.

### 5.3.4 Environmental protection

Council will give consideration to the environmental factors associated with procurement activities, including whole of life environmental impacts of products and services, reduced resource use and use of recycled materials.

This objective may be supported by:

- i. contracting activities that minimise environmental impact
- ii. encouraging, through focused supplier relationships, the development of sustainable and recycling industries to support greater use of locally recycled and produced sustainable materials
- iii. where possible, seek long-term, environmentally sustainable alternatives when issuing invitations to suppliers
- iv. requesting sufficient information from suppliers to enable evaluation of issues relative to environmental protection
- v. ensuring that suppliers of goods and services involving any environmentally relevant activity (ERA) are compliant with legislation. (*Environmental Protection Act 1994*)

### 5.3.5 Ethical behaviour and fair dealing

Council officers will conduct procurement activities with ethics principles, including impartiality, fairness, independence, openness, integrity, and professionalism, maintaining transparency and accountability.

## 5.4 Minimum quotation thresholds

The following thresholds apply to Council's procurement activities.

### 5.4.1 Small purchases – under \$15,000 (ex GST)

- a. For purchases under \$5,000, no written quotes are required; however, officers are required to ensure value for money is achieved. Officers are encouraged to use a variety of local suppliers where applicable.
- b. For purchases between \$5,001 and \$15,000, officers must invite a minimum of two written quotes.

### 5.4.2 Medium purchases – worth \$15,000 (ex GST) or more, but less than \$200,000 (ex GST)

- a. Council will invite at least three suppliers to provide written quotes before entering in to a medium-sized contractual arrangement. Consideration will be given to Council's local business preference when inviting quotes.
- b. If less than all invited suppliers respond, officers may choose from a lesser number of quotes but must ensure value for money is achieved. If there is any doubt about the achievement of value for money, officers must seek further quotes.
- c. When seeking quotations, consideration is to be given to the likelihood of exceeding the \$200,000 legislative threshold relating to the requirement to seek tenders. If it is considered likely, that this limit will be exceeded, then tenders should be called instead of quotations.

### 5.4.3 Large purchases – worth \$200,000 (ex GST) or more

- a. Council will invite written tenders for the contractual arrangement in accordance with the requirements of s228 of the Regulation.
- b. Council may choose to invite expressions of interest under s228(5) before considering whether to invite written tenders, however a Council resolution is required before inviting expressions of interest.
- c. The invitation for tenders and expressions of interest must:
  - i. be made by an advertisement in a newspaper that circulates generally in the local government area of Council
  - ii. allow written tenders to be given to Council for at least 21 days after the advertisement is published.
- d. Council will comply with the requirements in s.228(7) of the Regulation to invite tenderers to change their tenders to take account of a change in the tender specifications.
- e. Council officers have access to Buying Arrangements (see clause 5.6 below) which may provide an alternative to seeking tenders.

## 5.5 Evaluating offers

- 5.5.1 Small and medium value purchases which do not require consideration of non-price criteria will be assessed on the basis of least cost (taking into account the Local Business Preference support detailed in 5.2.1.f).

- 5.5.2 Large value purchases and those requiring assessment of non-price criteria will be assessed using a value for money / cost effectiveness ratio methodology to ensure evaluation outcomes are in line with the overall intent to favour least cost local suppliers where possible.

## 5.6 Exemptions

### 5.6.1 Buying arrangements

- a. In accordance with s234 of the Regulation:  
*“A local government may enter into a contract for goods and services without first inviting written quotes or tenders if the contract is entered into under an LGA arrangement.”*
- b. Council may establish Buying Arrangements including Preferred Supplier Arrangements, Register of Pre-Qualified Suppliers and can also utilise Local Buy Arrangements, FNQROC Arrangements and Queensland State Purchasing Arrangements.
- c. Council officers must still be satisfied they are achieving value for money when using various Buying Arrangements.

### 5.6.2 Other arrangements

- a. In accordance with s.235 of the Regulation:  
*A local government may enter into a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if—*
- i. the local government resolves it is satisfied that there is only 1 supplier who is reasonably available; or*
  - ii. the local government resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or*
  - iii. a genuine emergency exists; or*
  - iv. the contract is for the purchase of goods and is made by auction; or*
  - v. the contract is for the purchase of second-hand goods; or*
  - vi. the contract is made with, or under an arrangement with, a government agency.*
- b. Officers will provide Council with a report on an annual basis listing all proposed sole supplier arrangements for the following twelve months for adoption by Council.
- c. Should new sole supplier procurement arrangements come into effect during the year, transactions with new sole suppliers shall be approved via Council resolution prior to entering into the transaction unless a genuine emergency exists.
- d. Any emergency procurement, not authorised in Council's budget, for genuine emergency or hardship, requires Council to make a resolution about spending the money before, or as soon as practicable after, the money is spent, in accordance with s.173 of the Regulation.

## 6. Other considerations and obligations

### 6.1 Australian Business Registration Number (ABN)

- 6.1.1 Council will only procure from suppliers who can provide an ABN. The only exception to this will be where a supplier is eligible to complete the Australian Taxation Office Statement by a Supplier form and provides the completed form to Council prior to making the supply or providing the service to Council.
- 6.1.2 This exemption may apply in the following circumstances:
- b. a supplier under 18 years of age and the payment does not exceed \$120 a week
  - c. a payment of less than \$75 (excluding GST)
  - d. a supply that is wholly input taxed
  - e. a supplier who has provided a statement that the supply is done as a hobby or a domestic or private nature
  - f. a supplier who does not expect to make a profit or gain
  - g. a supplier who is not entitled to an ABN as they are not carrying on an enterprise in Australia
  - h. a payment that is exempt income for the supplier.

### 6.2 Publication of details of contracts worth \$200,000 (exclusive of GST) or more

- 6.2.1 Section 237 of the Regulation requires that as soon as practicable after entering the contract, a local government must publish relevant details on Council's website and display relevant details conspicuously in the Council's public office.
- 6.2.2 The relevant details required to be published in the contracts register are:
- a. the person or entity with whom Council contracted
  - b. the value of the contract
  - c. the purpose of the contract.

### 6.3 Splitting orders and contracts

Splitting orders or splitting contracts to stay below certain thresholds is not permitted.

### 6.4 Variations

If a variation is required on areas such as price, non-financial scope changes and extensions of time the delegated officer is to process an amendment to the original procurement application.

Each variation requires approval through the applicable procurement process and is to be accompanied with supporting documentation of the variation detail.

## 6.5 Work Health and Safety (WHS)

Council is required to ensure, as far as reasonably practicable, the health and safety of all workers throughout Council's business or undertaking, and that its activities do not place people at risk.

In order to ensure that Council meets its obligations during procurement and contracting activities, the following will be considered:

- identify all foreseeable hazards, and health and safety risks associated with a potential contract
- develop specifications that comply with relevant legislation
- ensure evaluation criteria requests sufficient and appropriate WHS systems to ensure that risks are minimised and/or eliminated
- ensure Council's operational obligations with regards to WHS contract performance monitoring and management are actioned under the contract.

Council's WHS representatives can assist in undertaking on site WHS performance monitoring/auditing. Officers involved in the procurement and contracting activities must comply with the requirements of Council's Workplace Health and Safety Policy and Workplace Health and Safety Management System (WHSMS).

## 7. Responsibility

Council is responsible for the adoption, amendment and repeal of the policy and the Manager Finance is responsible for the development and amendment of any associated procedures relevant to the policy. The Executive Leadership Team requires all procedures to be simple, easy to follow and reduce red tape.

## 8. Review

It is the responsibility of the Manager Finance to monitor the adequacy of this policy and recommend appropriate changes. This policy is to be reviewed when any of the following occur:

- 8.1 as required by legislation – annually
- 8.2 the related information is amended or replaced
- 8.3 other circumstances as determined from time to time by Council.

This policy is to remain in force until otherwise amended/repealed by resolution of Council.

This policy repeals the former Tablelands Regional Council policy titled Procurement Policy 2022–2023, adopted 30 June 2022.