

## Procurement

### Head of Power

*Local Government Act 2009*  
Local Government Regulation 2012

### Related Legislation

*Public Sector Ethics Act 1994*

### Objective

To ensure all Procurement activities:

- are carried out in a professional manner promoting probity and accountability;
- comply with Council's legal and statutory obligations;
- achieve value for money;
- minimise operational costs;
- promote environmentally and socially responsible procurement practices;
- maintain public confidence in Council's procurement activities; and
- assist in achieving Council's goals as set out in the Corporate Plan.

### Definitions

**Adjusted Price Premium** means the potential Premium Council is prepared to pay to support local businesses.

**Contract Delegated Authority** means the financial level that the Chief Executive Officer (CEO) delegates to an officer, in accordance with the Register of Delegations, for the purposes of signing a contract on Council's behalf.

**Contract Management** is the process of managing contract creation, execution and analysis to maximize operational and financial performance while reducing financial risk.

**Financial Delegated Authority** means the financial level that the CEO delegates to an officer, in accordance with the Register of Delegations, for the purposes of approving expenditure of Council's monies. For the avoidance of doubt, Financial Delegated Authority does not authorise officers to sign any contract on Council's behalf.

**Local Business** means a business whose registered business address is within the Region of Moreton Bay.

**Local Preference Weighting** means the weighting applied to the Local Preference score that is given to an entity or individual based on their business location.

**Officer** means all employees of Council, whether employed on a permanent, temporary, or part-time basis and includes volunteers and employees of businesses and entities contracted to provide services to, or on behalf of Council.

**Procurement** means all purchasing, supply and contracting arrangements undertaken between Council and another party for the provision of goods and/or services. It shall include but not be limited to:

- 1) participation in the development of material and service requirements and their specifications
- 2) management of value analysis activities
- 3) conducting extensive material market studies
- 4) all purchasing function activities
- 5) development of partnerships and alliance contracting with suppliers

- 6) management of supplier quality and performance
- 7) management of storage and distribution activities
- 8) management of investment recovery activities (salvage of surplus scrap)

**Purchase Order** means the official document used by Council to record the purchase of goods and services. It contains Council's Standard Terms and Conditions, is produced by Council's finance system and electronically signed by the CEO.

## Application

This Policy applies to Council's procurement and disposal activities.

## Policy Statement

Council must give consideration to the following five sound contracting principles of the Policy Statement in its procurement and disposal activities.

### 1. Value for Money

Council officers must ensure that all procurement and contract management activities achieve the most advantageous outcomes for Council (which balances meeting Council's objectives and the business requirement with efficiency, quality, risk, environmental impact and total acquisition cost).

### 2. Open and Effective Competition

Unless an exception is made in accordance with the Local Government Regulation 2012 Division 3, Council will:

- 1) advertise tenders in accordance with the Local Government Regulation 2012 Division 2 – Entering into Particular Contracts for contracts exceeding \$200,000 or expressions of interest where Council resolves that it would be in the public's best interest to do so;
- 2) obtain a minimum of three written quotations for purchases between \$15,000 and \$200,000;
- 3) obtain a minimum of two written quotations for purchases between \$7,500 and \$15,000; and
- 4) obtain at least one quotation for purchases between \$0 and \$7,500.

All threshold values are exclusive of GST.

These are the minimum requirements for purchases, and there may be instances at the responsible officer's discretion, where it is prudent to obtain more quotations than are documented above.

Suppliers wishing to do business with Council will be given every reasonable opportunity to do so, subject to satisfying Council's requirements and all relevant evaluation criteria (which may include but not be limited to demonstrated technical ability, environmental impact, company profile, professional references, quality assurances, insurances and total acquisition cost).

### 3. The Development of Competitive Local Business and Industry

Council is committed to supporting and developing local business and industry in the Moreton Bay Region. Council has implemented a Local Preference Directive (2180-054) that provides a framework to Council officers when purchasing future goods, services and/or works.

All quotes or tenders less than \$50,000 (ex GST) will be sought from local businesses only, unless there is reasonable justification that local businesses cannot supply or are deemed not capable, or do not provide value for money, then non-local businesses will be invited to quote or tender. Where a non-local business is invited to quote or tender a 'Justification Form' is completed and approved by a Council officer with the appropriate delegation.

For all quotes or tenders greater than \$50,000 (ex GST) Council will apply a price threshold test against the 'Adjusted Price Premium'.

If Council is satisfied local tendered prices are within the thresholds, Council will apply a Local Preference Weighting of 15%, to support local businesses. Table 1: details the approach for assessing and scoring businesses.

**Table 1:**

<b>Local Preference Definitions</b>		
Registered / Operates in Moreton LGA	100 points	Businesses with a registered Head Office within the Moreton Bay Local Government Area (LGA).
Operates in Moreton LGA	75 points	Businesses operate a Branch and/or Depot within Moreton Bay LGA, however the registered Head Office is outside of the Moreton Bay LGA.
Adjacent to Moreton LGA	50 points	Businesses based in adjacent LGA's (i.e.: Sunshine Coast, Brisbane, Somerset).
Non-adjacent to Moreton LGA	25 points	Businesses based in non-adjacent LGA's, within South-East Queensland (i.e.: Redlands, Logan, Ipswich).
Outside South-East Queensland	0 points	Businesses registered outside South-East Queensland.

There may be occasions where the application of a local preference score to evaluation criteria will not be practical or appropriate. Any amendments to the local preference score must be documented and approved as part of the Probity Plan. Consideration needs to be given to:

- the nature of the contract;
- the local market;
- associated risks; and
- ability to achieve value for money.

#### **4. Environmental Protection**

Council will advance the sustainable use of resources and aim to minimise adverse impacts on the environment and human health through its procurement activities.

Council endeavour to favour purchasing decisions that improve markets for environmentally preferred products, enhance environmental quality, be resource responsible and directly contribute to sustainability.

Council will purchase environmentally preferred products whenever their performance, quality and total acquisition cost is equal to or better than comparable products.

#### **5. Ethical Behaviour and Fair Dealing**

Officers must ensure that all procurement activities are carried out in a professional manner and comply with the obligations of the Code of Conduct and in accordance with the Procurement and Disposals Manual, Contract Management Framework and other Corporate Directives.

Only officers with the appropriate financial delegated authority can approve purchase orders, and only those with the appropriate contract delegated authority can make or vary contracts on behalf of Council.

## Related Documents

This Policy complements and is to be implemented in conjunction with other Council policies, directives and relevant documents published by other agencies including, but not limited to:

- Code of Conduct for Employees
- Procurement and Disposals Manual
- Contract Management Framework
- Tendering and Contract Guidelines Corporate Directive 2180-011
- Establishment and Use of Purchasing Arrangements Corporate Directive 2180-027
- General Purchasing Guidelines Corporate Directive 2180-012
- Operating Leases Corporate Directive 2180-014
- Purchase Card Guidelines Corporate Directive 2180-010
- Petty Cash Guidelines Corporate Directive 2180-013
- Direct Payments – Cheque/Payment Requisitions Corporate Directive 2180-015
- Disposal of Property, Plant, Equipment and Scrap Material Corporate Directive 10-2180-016
- Delegations Register
- Local Preference Corporate Directive 2180-054

## Review and evaluation

This policy will be reviewed for applicability, effectiveness, and consistency with relevant legislation, Council resolutions, and other Council documents.

Reviews of this policy will occur as required, or at least annually as required in accordance with the Local Government Regulation 2012.

## Responsibility

This Policy is to be:

- (1) implemented by all Council officers responsible for procurement activities; and
- (2) reviewed and amended in accordance with the "Review Triggers" by the Financial Operations Manager.

Policy: 2150-006		Official Version: A4728766	
Document Control			
Version / Reviewed	Version Adoption (Council meeting / Minute Page) Reviewed (revision comment)	Date	Word version reference
Version 1	Coordination Committee (09/926-927) (Procurement & Disposals Policy)	21.4.2009	Version of PDF A4728766
Version 2	Coordination Committee (11/564) (Procurement Policy)	5.4.2011	Version of PDF A4728766
Version 3 Reviewed	Legislative Amendment 2012 only No amendment required	23.1.2013 March 2016	A14572294
Version 4	Coordination Committee (17/1067)	6.6.2017	A15260571
Version 5	General Meeting (MP. 20/855)	27.5.2020	A19609448
Version 6	General Meeting (MP. 20/2043)	9.12.2020	A20886289