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Next Review Date:	December 2022
Responsible Officer:	Chief Executive Officer
Applicable Legislation:	<i>Section 49 Local Government Act 1999 –</i>
Relevant Policies:	2.20 Fraud and Protection 1.51 Market Engagement and Innovation Policy 2.24 Prudential Management Policy
Related Procedures:	1.51.1 Market Engagement and Activating Opportunities Procedure 1.51.2 Market Led Proposals Procedure
Compliance Standard:	

1 Introduction

In compliance with Section 49 of the Local Government Act 1999 (Act), Council must refer to this policy (Policy) when acquiring goods and services.

Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:

- the contracting out of services; and
- competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- the use of local goods and services.

Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:

- obtaining value in the expenditure of public money; and
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in all operations.

2 Scope

This Policy seeks to:

- define the methods by which Council can acquire goods and services;
- demonstrate accountability and responsibility of Council to stakeholders;
- be fair and equitable to all parties involved;
- enable consistency of approach in the application of procurement processes;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for Council.

However, this Policy does not cover:

- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
- the disposal of land and other assets owned by Council; or
- the purchase of land by Council.

3 Policy Objectives

Council aims to achieve advantageous procurement outcomes by:

- enhancing value for money through fair, competitive, non-discriminatory procurement;
- promoting the use of resources in an efficient, effective and ethical manner;
- making decisions with probity, accountability and transparency;
- advancing and/or working within Council's economic, social and environmental policies;
- providing reasonable opportunity for competitive local businesses to supply to Council;
- appropriately managing risk;
- ensuring compliance with all relevant legislation; and
- undertaking a collaborative approach to the procurement of goods and services with other local government authorities and entities where there are clear benefits to Council.

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4 Procurement Principles

Council must have regard to the following principles in its acquisition of goods and services:

4.1 Encouragement of open and effective competition

Open and fair competition is to be fostered and maintained by providing suppliers with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:

- there is reasonable access for all suitable and competitive suppliers to Council's business;
- where market circumstances limit competition, procurement activities recognise this and associated methodology takes account of it; and
- adequate, identical and timely information is provided to all suppliers to enable them to bid.

4.2 Obtaining Value for Money

Value for money is not restricted to price alone. An assessment of value for money must include, where possible, consideration of:

- the contribution to Council's strategic objectives;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- efficiency and effectiveness of the proposed procurement activity;
- the performance history, and quality, scope of services and support of each prospective supplier;
- fitness for purpose of the proposed goods or service;
- whole of life costs;
- Council's internal administration costs;
- technical compliance issues;
- risk exposure; and
- the value of any associated environmental benefits.

4.3 Probity, Ethical Behaviour and Fair Dealing

Council is to behave with impartiality, fairness, independence, openness and integrity throughout the procurement process.

4.4 Accountability, Transparency and Reporting

Council will demonstrate accountability and transparency by ensuring that

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decisions can be explained and evidenced, so that an independent third party can clearly see that a fair and reasonable process has been followed. An audit trail will be visible for all procurement activities for monitoring, reporting and review purposes.

4.5 Ensuring compliance with all relevant legislation

Relevant legislation includes, but is not limited to, Local Government Act 1999, Work Health and Safety Act 2012, Work Health and Safety Regulations 2012, Independent Commission Against Corruption Act 2012.

4.6 Encouragement of the development of competitive local business and industry

Council encourages the development of competitive local businesses, however, all decisions will be based on assessing suppliers in a fair and transparent manner.

In evaluating, considering and assessing procurement activity under this policy, the Council may include evaluation criteria that relate to:

- the creation of local employment;
- the availability of local services (being services or suppliers within Council's area); and
- the potential to contribute to the economic growth within the Council's area;

that may be considered where submissions are equal or substantially similar after all other relevant considerations, or as determined by the Council in its absolute discretion.

The relevant procurement document must clearly identify:

- if such considerations may be given in a given procurement;
- if so, when such considerations will be given; and

the criteria and weightings of each consideration, as the case may be.

4.7 Risk Management

Risk assessment is undertaken to assess a potential supplier's capacity and capability to meet Council's requirements, and identifying any other factors which might result in the works, goods or services not being successfully delivered.

High risk acquisitions or suppliers require more formal procurement planning methodologies and higher levels of management oversight.

4.8 Environmental protection

Council will endeavor, where reasonable, to promote environmental protection by:

- adopting purchasing practices which conserve natural resources;
- aligning procurement activities with principles of ecological sustainability;
- purchasing recycled and environmentally preferred products where possible;
- integrating relevant principles of waste minimisation and energy;
- fostering the development of products and services which have a low environmental impact;
- providing leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

4.9 Occupational, Health & Safety

Council will ensure that all its procurement activities protect the health, safety and welfare of its workers, elected members, customers, contractors and community.

5 Procurement Methods

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome – in such instances, other market approaches may be more appropriate.

Having regard to its Procurement Principles procedures and any other factors considered relevant, Council Officers may determine to utilise one or more of the following procurement methods:

5.1 Direct Purchasing

Direct purchases are made from a single source, without obtaining competitive prices or quotations from other suppliers.

This method may be appropriate where:

- a limited number of suppliers exist, verified through extensive market research;
- it is more practical for Council to buy the goods or services direct from a selected supplier;
- a shortlist of suppliers has been determined through an EOI process;
- procurement scope is part of an existing panel or strategic alliance;
- suppliers are licensed or meet legislated standards required to deliver the

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- requirements;
- Emergency Situations; or
- the procurement is for low value or low risk goods or services.

Direct procurement requires the reasons to be documented.

5.2 Request for Quotations (Informal)

Informal quotes are obtained by simply seeking prices from prospective suppliers. These can be verbal, email or short form. Generally, more than one quotation is sought.

Where possible, written quotes are preferred. If a written quote cannot be obtained, Council must keep records of the quote details.

This method may be suitable for low value, low risk goods and services.

5.3 Request for Quotations (Formal)

Formal quotations require written quotations from prospective suppliers. Generally, a minimum of three written quotations are sought.

This method may be suitable for low to medium complexity, risk and value procurements that are largely price-based procurements.

The form of the formal request for quotation and level of detail requested, will be dependent on the complexity of specifications and information required in the response.

5.4 Expressions of Interest (EOI)

EOIs are generally, an open invitation for proposed goods and services that outlines a general intention to acquire goods and services and invites suppliers to indicate their interest in being considered to meet the requirement.

This method may be used where there is potentially a large market for the proposed goods and services, and the Procuring Officer would like to prepare a shortlist of suppliers to invite to participate in a tender process. Potential suppliers are generally not required to provide prices.

5.5 Request for Tenders (RFT)

An RFT is an open tender for proposed goods and services where the scope and specifications have been clearly defined.

Council may issue a 'select' RFT where it has already issued an EOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers. Otherwise an "open" Request for Tender is required.

5.6 Panel contracts

Panel arrangements are established with a select group of suppliers selected in accordance with this Policy and can include:

- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- pre-qualification of certain suppliers who may or may not be engaged on terms to be agreed.

A panel may be appropriate where:

- there are a number of suppliers who can provide the goods, works or services and there is some advantage to Council having a choice of suppliers (e.g. the availability of contractors to provide works services is not always guaranteed, or to avoid conflict of interest);
- there is an ongoing demand from Council;
- marketplace competitiveness is advantageous;
- the procurement requirement cannot be accurately predicated; or
- the volume of work may be too large for one supplier.

Once a panel has been established, Procuring Officers may purchase the goods and services directly through this arrangement.

5.7 Strategic alliances

Use of Strategic Alliances is where procurement is undertaken through contract arrangements already established and administered by other organisations. This includes but is not limited to the following arrangements:

- LG Procurement;
- Council Solutions;
- Other councils;
- Procurement Australia;
- State Government contracts and State or Federal Procurement Arrangements; or
- a purchasing group of which Council is a member from time to time or where Council can accede to existing arrangements.

5.8 Market Led Proposals

Any proposal from the market which has not been requested through this policy or any other Council initiated procurement process that exceeds \$25,000 is to be considered pursuant to the Council's Market Engagement and Innovation Policy and accompanying Market Led Proposals Procedure.

5.9 Market Engagement and Innovation Policy and Market Engagement and Activating Opportunities Procedure

Where the Council is unsure which method of procurement to undertake, or whether to engage with the market at all, the Council may undertake market engagement in accordance with its Market Engagement and Innovation Policy and accompanying Market Engagement and Activating Opportunities Procedure.

In accordance with the Marketing Engagement and Innovation Policy, the Council must clearly document the reasons for undertaking such a process and why it does not consider a procurement method outlined in this policy can be selected in the first instance.

6 Considerations for Council

The appropriate method of procurement will be determined by reference to a number of factors, including:

- Value of Purchase (Refer below);
- cost of an open market approach versus the value of the acquisition and the potential benefits;
- the circumstances of the procurement activity;
- the objectives of the procurement;
- the size of the market and the number of competent suppliers;
- Council's leverage in the marketplace;
- time constraints; and
- a global assessment of the risks associated with the relevant activity and / or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.

6.1 Procurement- Thresholds

Value of Purchase (GST Ex)	Procurement Method	Comments
Less than \$5,000	Direct Procurement	Generally with local suppliers and low value consumable items. More than one quotation is preferred. Reasons for seeking only one quotation (Direct Procurement method must be documented
\$5,001 - \$25,000	RFQ (Informal)	More than one quotation should be sought. * Reasons for seeking only one quotation (Direct Procurement method must be documented and approved by CEO.
\$25,001 - \$100,000	RFQ (Formal)	At least three written quotes required. * Where an alternate procurement method is chosen or less than three written quotes are sought, reasons must be documented and approved by CEO.
Over \$100,000	EOI, RFT	Open Tenders should be undertaken. Where select tender is proposed, reasons are to be documented, approved by the CEO and reported to Council. Where RFQ or Direct Procurement is the proposed Procurement Method, reasons must be documented and a report presented seeking Council approval. Where Value of Purchase is greater than \$250,000 and an open RFT is not to be undertaken reasons must be documented and a report presented seeking Council approval.

* The number of quotes will depend on striking a balance between efficiency, obtaining value for money, and giving potential providers the opportunity to bid for Council work.

The Value of Purchase will be calculated as the higher of the following:

- *single one-off purchase* – the total (gross) amount, or estimated amount, of the purchase (excluding GST);
- *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

Panel contracts must adhere to the required Procurement Method for the relevant Value of Purchase Threshold for the initial establishment of the Panel Contract. The Value of Purchase is to be based on the total value of 'ongoing purchases over a

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period of time'. Once a panel has been established, goods and services can be procured directly through this arrangement.

7 Exemptions from this Policy

There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for Council and other market approaches may be more appropriate.

7.1 Circumstance

In certain circumstances, after approval from elected members or the CEO (refer section 6.1), application of this Policy may be waived to pursue a method which will bring the best outcome for Council. This may include but it not limited to:

- procurement through Strategic Alliances (above)
- Emergency Situations
- a sole supplier or situation where the supplier market is known, and limitations negate the benefits of applying this Policy;
- a timing constraint requiring more expedient procurement of goods or services; or
- where the CEO identifies that Council will benefit through utilising the Market Engagement and Innovation Policy and related procedures for engaging the market.
- for any other cause (particulars of which emergency or urgency or other cause shall be indicated in the approval)

Reasons for any exemption to the procurement method must be recorded.

7.2 Specific Exemptions

The following nominated goods and services are exempt from requiring a Purchase Order:

- Utilities (water/electricity/gas)
- Insurance renewals (Local Government Association & Entities)
- Subscriptions and memberships (eg Local Government Association, Limestone Coast Local Government Association subscriptions, Dog and Cat Management Board fees, etc)
- Telephone charges
- Motor vehicle registration
- Australia Post services
- Valuer General valuation services

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- NRM levy
- Refunds and reimbursements of expenses
- Contracted services
- Statutory Government fees/charges/licenses
- Council/Committee allowances
- Minor purchases less than \$500

7.3 Legal Advice

All procurement of legal advice is to be approved by the Chief Executive Officer and all expenditure must be within the approved budget.

If a variation is brought about due to a change in scope of legal advice, the CEO is authorised to approve the variation and is required to inform Council as part of reporting the advice.

The CEO will report to Council on procurement of all legal advice.

8 Records

All the procurement documentation (e.g. quotes/tenders/reasons for selecting quotes) must be recorded as official records in the Records Management System.

Council must record reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than that stipulated in Section 5.1.

9 Delegations

Council Officers are provided with the responsibility of managing projects under their control. To ensure that they are able to exercise control, Council Officers and their managers are provided with up to date financial information relating their budget lines and must report on these budget lines through their manager to Council on a monthly basis.

The following Council Officers have delegated authority to sign purchase orders and contracts for the purchase of goods and services on behalf of Council in line with their project allocations up to the following limits.

Responsible Officer	Authorised Expenditure *
Chief Executive Officer	Unlimited for any purchase of goods and / or services within approved budgets, except for items specifically nominated by Council as requiring their express approval.
Executive Assistant	Within approved budgets. \$1,000 for goods and services.
Manager Corporate Services & Finance	Within approved budgets. \$50,000 for goods and services. \$100,000 for goods and services against an approved contract, panel contract or strategic alliance.
Director Infrastructure	Within approved budgets. \$50,000 for goods and services. \$100,000 for goods and services against an approved contract, panel contract or strategic alliance.
Manager Tourism & Events	Within approved budgets. \$50,000 for goods and services. \$100,000 for goods and services against an approved contract, panel contract or strategic alliance.
Team Leader Works	Within approved budgets. \$10,000 for goods and services. \$20,000 for goods and services against an approved contract, panel contract or strategic alliance.
Director of Childcare	Within approved budgets. \$50,000 for goods and services. \$100,000 for goods and services against an approved contract, panel contract or strategic alliance.
Library / VIC Officer	Within approved budgets. \$5,000 for goods and services.
General Inspector	Within approved budgets. \$10,000 for goods and services. \$20,000 for goods and services against an approved contract, panel contract or strategic alliance.

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Responsible Officer	Authorised Expenditure *
Development Officer	Within approved budgets. \$10,000 for goods and services. \$20,000 for goods and services against an approved contract, panel contract or strategic alliance.

* All amounts are Exclusive of GST.

10 Legislation and References

Local Government Act 1999

- Section 49 - Contracts and Procurement requirements

11 Definitions

Chief Executive Officer is the person occupying the position of Chief Executive Officer at Council from time to time.

Council is the local government entity known as District Council of Robe.

Emergency Situation the CEO (or CEO's delegate) has the authority to act in an emergency situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. Goods and services in these instances may be purchased from solo source without reference to the financial limitations discussed in this Policy.

Expressions of Interest (EOI) process to shortlist potential suppliers before seeking detailed bids.

Goods a physical or tangible item that does not include a labour component.

Local Supplier (Local Business) is a supplier that is beneficially owned by persons who are residents or rate pays of, or has its principle business within District Council of Robe or a business that substantially employs persons who are residents or ratepayers.

Policy means this Procurement Policy.

Procurement a series of activities that are undertaken when purchasing goods and services, based on three key phases: planning, purchasing and contract management.

Request for Quotation (RFQ) process where suppliers are invited to participate in a process to bid on specific products or services.

Request for Tender (RFT) formal and structured invitation to suppliers, to bid, to supply products or services.

Service the performance of a task, duties or work for another, by an individual or organization, which normally involves the provision of labour and/or professional services.

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Supplier (Business) a person or entity that provides goods, works or services to Council.

Value of Purchase Threshold the relationship between the expected value of the purchase of a type of good or service from a supplier, or number of suppliers providing similar goods or services, and the procurement method used to procure these goods or services (see Schedule 1).

12 Relevance to Community Plan 2019-2039

THEME 4 GOVERNANCE AND FINANCIAL SUSTAINABILITY

Goal: Provide leadership, good governance, efficient, effective and responsive Council services

13 Feedback

We invite your feedback on this Policy which can be directed to the **Chief Executive Officer** at council@robe.sa.gov.au

14 Further Information

This Policy will be available for inspection at Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.robe.sa.gov.au

Royal Circus, Robe SA 5276

Copies will be provided to interested parties upon request. Email council@robe.sa.gov.au

Any grievances in relation to this Policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.

15 Policy Review

This Policy may be amended at any time and must be reviewed at least every four years since its adoption (or latest amendment). Any revision or review of this Policy will not affect any process that has already commenced.