



## Procurement Policy

<i>Responsible Officer/s</i>	Chief Finance Officer
<i>Relevant Legislation / Documents</i>	Section 49, Local Government Act, 1999 Section 137 Local Government Act, 1999 Disposal of Land & Assets Policy Issue of Council Orders Policy Credit Card Policy
<i>Adopted</i>	April 2000
<i>Reviewed</i>	September 2023
<i>Next Review</i>	June 2024

### A. Purpose

Council spends significant funds on procuring a wide variety of goods and services to assist in meeting the outcomes of the LW Future Strategic Plan, to supplement and broaden the range of its service delivery to the community and to support all of the functions of the organisation. It is therefore important that Council obtains quality goods and services, ensures it is receiving value for money, appropriately manages exposure to risk, ensures a high level of customer service and maintains transparency and fair dealings with the marketplace.

This policy is issued in accordance with the Local Government Act 1999 s 49 to provide for Council to appropriately establish and manage commercial arrangements with suppliers that are consistent with Council's strategic, corporate, and financial directions.

The Local Government Act 1999 s49 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, s49 (a1) 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.

This Policy seeks to:

- define the methods by which Council can acquire goods and services;
- demonstrate accountability and responsibility of Council to ratepayers;

- be fair and equitable to all parties involved;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for the Council.

However, this Policy does not cover:

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

## B. Objective

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; and
- ensuring compliance with all relevant legislation.
- adopting purchasing practices that encourage the purchase of Australian made goods.

## C. Policy

### 1. **Procurement principles**

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

#### *1.1 Encouragement of open and effective competition*

This includes feedback to unsuccessful participants at the conclusion of the procurement process.

#### *1.2 Obtaining Value for Money*

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

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

#### *1.3. Social, Economic and Environmental Sustainability*

Council is committed to maximising the positive impact of its activities to benefit the local community, the economy, and the environment. The Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses.

Council may give preference to local contractors and suppliers with consideration to:

- the creation of local employment opportunities;
- increased availability of local servicing support;
- increased convenience with communications with the supplier for contract management;
- actively promoting to local businesses opportunities to supply to the Council
- structuring the purchasing processes to be accessible to all businesses
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local suppliers and contractors
- the short and long term impact of the procurement on local business

With regard to all other matters set out in this Policy and when deciding on the purchase of goods and services, priority will be given as follows:

- District Council of Loxton Waikerie area
- Riverland
- South Australia

Consideration may also be given, where practicable in the procurement process, to investigate the inclusion of not-for-profit organisations (social enterprises) that benefit the community (including the disadvantaged). In addition, in order to minimise Council's impact on its environment, Council will, where all other factors are equal, adopt purchasing practices which conserve natural resources in a way that achieves value for money on a whole life basis by generating benefits for the organisation and the community.

#### *1.4. Probity, Ethical Behaviour and Fair Dealing*

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

Officers involved in the procurement process will at all times undertake their duties in a professional, ethical, honest and impartial manner, act responsibly and exercise sound judgement by observing the highest standards of integrity, probity and professional conduct in line with the Staff Code of Conduct in which employees are bound.

Under no circumstances is an officer of Council permitted to accept or benefit from any personal incentive or inducement to purchase or for purchasing goods from any company – to do so will be considered a breach of employment conditions and be subject to disciplinary action that may extend to dismissal and possible referral to the Anti-Corruption Branch of SA Police

The District Council of Loxton Waikerie is committed to ensuring a fair, transparent and accountable process is applied to the provision of services, purchasing of goods and services and will comply with all relevant legislation.

### *1.5. Environmental protection*

Council will seek to:

- align the Council's procurement activities with principles of ecological sustainability;
- purchase recycled and environmentally preferred products where possible;
- integrate relevant principles of waste minimisation and energy;
- foster the development of products and services which have a low environmental impact;
- provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

### *1.6. Work, Health and Safety*

Council is committed to providing and undertaking such measures as to minimise risks (through safe workplace environments, systems of work, plant and substances) of injury/ill health to employees and others while at work and demonstrates a systematic approach to planning and implementation of Work, Health and Safety consistent with the Work, Health and Safety Act 2012 and associated Regulations.

Council is dedicated to a contractor management system which provides for the selection of contractors with appropriate safety controls. The exchange of information between the Council and its contractors must facilitate the identification of hazards and risk management. Council will only engage Contractors who can demonstrate an appropriate WHS Management System compliant with the Work, Health and Safety Act (2012) and associated Regulations.

## **2. Procurement Methods**

Generally, open and fair competition is best achieved by undertaking a process so that all interested parties have an opportunity to bid. Unless exceptional circumstances exist, there is no provision for any financial compensation or payment for participation in any of the listed procurement methods.

The Council may, having regard to its Procurement Principles and any other factors considered relevant by the Council, in its absolute discretion determine to utilise one or more of the following procurement methods:

### *2.1 Direct Purchasing*

This is where Council purchases from a single source, without first obtaining competing bids.

This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.

### *2.2 Quotations (Informal)*

This is where Council obtains quotations from prospective suppliers.

Generally, a minimum of two quotations are sought.

Where possible, the Council must insist on written quotes.

If a written quote cannot be obtained, the Council must keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote. This method is unlikely to be suitable for items over the value of \$1000.

### *2.3 Request for Quotations (RFQ)*

This is where Council obtains written quotations from prospective suppliers.

Generally, a minimum of two written quotations are sought.

This method may be suitable for simple, largely price-based purchases.

A “Short Form Request for Quotation” can be used for purchases with minimal specifications.

A “Long Form Request for Quotation” can be used for purchases with detailed specifications.

#### *2.4 Requests for Expressions of Interest (REOI)*

This is where Council issues an open invitation for a proposed goods and/or service.

This method may be used where there is potentially a large market for the proposed goods and/or service, and the Council would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.

#### *2.5 Request for Tenders (RFT)*

This is where the Council issues a tender for a proposed goods and/or service.

Council may issue a “Select” Request for Tender where it has already issued a REOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers.

Otherwise, Council may issue an “Open” Request for Tender.

#### *2.6 Panel contracts*

This is where the Council establishes panel arrangements with a select group of suppliers – generally, this occurs once the Council has completed its appointment of such suppliers in accordance with this Policy, and can include either:

- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.
- Once a panel has been established, the Council may purchase the particular goods and/or service through such panel arrangements.

#### *2.7 Strategic alliances*

This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

- Riverland G3 alliance
- LGA Procurement;
- State Library Board of South Australia
- Procurement Australia;
- State Government contracts.

#### *2.8 Passenger and Light Commercial Vehicles purchases*

For the purpose of purchasing light commercial and passenger vehicles, priority will be given as follows:

- Firstly the District of Loxton Waikerie,
- Secondly The Riverland
- Thirdly South Australia

### 3 Consideration for the Council

The appropriate method of procurement will be determined by reference to a number of factors, including but not limited to:

- Value of Purchase as per below
- cost of an open market approach versus the value of the acquisition and the potential benefits;
- the particular circumstances of the procurement activity;
- the objectives of the procurement;
- the size of the market and the number of competent suppliers;
- the Council's leverage in the marketplace;
- time constraints;
- 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

#### 3.7 Value of the Purchase and Procurement Matrix

The value of the purchase will be calculated as follows:

- single one-off purchase – the total 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).

The procurement matrix demonstrates the procurement process to be followed based on the level of expenditure

Value of Purchase \$ (excluding GST)	Procurement Method
\$0 - \$5,000	Direct purchase Credit Card** One quote to purchase
\$5,001- \$50,000	Minimum of two (2) written quotes
\$50,001 - \$100,000	Request for Quote (RFQ) Panel contracts Minimum of three (3) written quotes Strategic Alliances
\$100,001 - \$200,000	Request for Tender (RFT) – Selective Strategic Alliances Panel contracts
\$200,001+	Request for Expression of Interest (REOI) Request for Tender (RFT) – Open Strategic Alliances
No limit	*Municipal purchasing contract

Refer credit card purchasing policy regarding spending caps and limits	**Credit card
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\* A Municipal Purchasing Contract is an industry or statewide purchasing agreement that has been established by a tender process, example include State Government Contracts, Council purchasing arrangements and regional contracts such as those negotiated under the G3 purchasing group.

The District Council of Loxton Waikerie is a member of the G3 Purchasing Group which aims to achieve uniformity in specification of goods, works and services purchased commonly across the G3 Purchasing Group membership. The objectives of this purchasing alliance is to attract more suppliers, improve bargaining power, reduce costs and improve efficiency. Membership of the G3 Purchasing Group includes the Berri Barmera Council, Renmark Paringa Council and the District Council of Loxton Waikerie.

\*\* Council operate a corporate credit card purchasing system which permits an appropriate level of cards to be issued to operational staff throughout the organisation. The purpose of the corporate credit card purchasing system is to augment, not replace, existing procurement practices. Credit card transactions are used for minor, frequent purchases or 'one off' purchases or payments where time is of the essence and when obtaining 'sale' prices for goods and services. Credit cards may also be used generally for accommodation, travel, minor library purchases on-line, conference fees, training course fees and hospitality. – Refer to Credit Card Purchasing Policy for register of cardholders and to Credit Card Purchasing Procedures for procedural matters.

#### **4 Indemnity**

It is Council policy that the following principles will be reflected in any contractual documentation:-

The Contractor agrees to indemnify and to keep indemnified the principal, its employees, servants and agents and each of them from and against all actions, costs, claims and expenses whatsoever which may be brought or made or claimed against them or any of them arising out of any negligent act or omission of the Contractor or its employees, servants and agents in relation to the granting of this contract.

Notwithstanding the above, the Contractor shall not be rendered liable for personal injury to or the death of any person or loss of or damage to any property resulting of any breach by the principal of any provision of this Contract or any negligent act or omission of the Principal or its employees, servants and agents.

#### **5 Exemptions from this policy**

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may instances in which the processes noted will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

In certain circumstances, the Chief Executive Officer may waive application of this Policy and pursue a method which will bring the best outcome for the Council. Reasons for waiving application of this policy must be recorded using the procurement summary form or email and registered in Council's Electronic Document Records Management System.

At least once a year a specific report regarding procurement policy exemptions will be received by the Audit Committee



Some examples of when it may be appropriate for the CEO to waive application of this Policy are:

- emergency situations threatening life and property;
- the supply market is known;
- where better value can be achieved by an alternative method;
- availability of vendors;
- timing constraints;
- any other exemptions as documented for probity.

#### D. Availability

This Policy will be available for inspection at the Council Offices at Loxton or Waikerie during ordinary business hours at no charge.

Copies of this Policy will also be available from Councils website: [www.loxtonwaikerie.sa.gov.au](http://www.loxtonwaikerie.sa.gov.au) or postal copies may be obtained from the Council Office free of charge.

#### E. Document history and version control

Date	Version	Authorisation	Amendment Details
12/04/2000	1.0	Council meeting	Competitive Tendering, Contracting, Purchasing, Sale and Disposal Policy
15/10/2004	2.0	Council meeting	Competitive Tendering, Contracting, Purchasing, Sale and Disposal Policy – revoked; Tender and Purchasing Policy adopted
18/09/2009	3.0	Council meeting	Tender, Quotation and Procurement Policy adopted
15/07/2011	3.0	Council meeting	Procurement Policy adopted
15/08/2014	3.1	Council meeting	
18/03/2016	3.2	Council meeting	
17/11/2017	4.0	Council meeting	Addition of a social, economic sustainability, clarification of payment for quotation, record of exemptions to policy, the addition of an Acquisition Plan and document history and version control protocols.
27/03/2019	5.0	Audit Committee	Amendment to value of purchase limits, reference to G3 alliance purchasing methods, addition of credit card purchasing methods
20/09/2023	6.0	Council Meeting	Amendment to value of purchase limits, removal of petty cash and acquisition plan.