

TITLE: PROCUREMENT POLICY

1. PURPOSE

This purpose of this Policy is to ensure that the procurement of all Goods and Services by the Council is conducted in an honest, competitive, fair and transparent manner that demonstrates a fit for purpose solution and the delivery of value for money outcomes, whilst protecting the reputation of the Council.

2. SCOPE

This Policy applies to the acquisition of all Goods and Services by Council staff for and on behalf of the Council.

The procurement of Goods and Services by the Council must:

- only relate to business of the Council and must not be of a personal nature; and
- be entered into in accordance with the Council's financial delegations and any relevant Council policies.

3. POLICY PRINCIPLES – OUR COMMITMENT

This policy supports the following principles in alignment with legislative requirements defined in the Local Government Act 1999.

- Obtain value in the expenditure of public money
- Provide ethical and fair treatment of participants
- Ensure probity, accountability, and transparency in procurement operations
- Promote competitive tendering and other measures to ensure services are delivered cost-effectively
- Promote the use of local goods and services
- Consider social, environmental, and economic outcomes

4. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

Act means the Local Government Act 1999.

Contractor means a company, organisation or personnel engaged by Council to provide Goods and Services.

Goods and Services means goods, services and/or works as it would apply in the relevant section of this Policy (but excludes those matters referred to in paragraph 6.5 of this Policy).

Local Business means Contractors with their head office located within the boundaries of Mount Barker, Adelaide Hills, Alexandrina, Murray Bridge and Victor Harbor Councils.

Procurement Principles means those principles set out in paragraph 8 of this Policy.

5. ROLES & RESPONSIBILITIES

Council:

The Council is responsible for approving an appropriate procurement policy.

Chief Executive Officer:

The Council's Chief Executive Officer:

- ensures that there are appropriate resources to fulfil the effective outcomes of this Policy;
- ensures compliance with this Policy; and
- reviews the processes referred to in, and the value of, this Policy.

General Managers, Deputy Chief Executive Officer, Head of Wastewater, Executive Manager to the CEO.

The Council's General Managers, Deputy Chief Executive Officer, Head of Wastewater and Executive Manager to the CEO ensure that:

- there are appropriate resources to fulfil the effective outcomes of this Policy; and
- they comply with this Policy.

Council Staff:

- Council staff must comply with this Policy.

6. POLICY STATEMENTS

- 6.1. In compliance with Section 49 of the Act, Council should refer to this Policy when acquiring Goods and Services.
- 6.2. Section 49 (a1) of the Act requires the Council to develop and maintain procurement policies, practices and procedures directed towards:
 - 6.2.1. obtaining value in the expenditure of public money; and
 - 6.2.2. providing for ethical and fair treatment of participants; and
 - 6.2.3. ensuring probity, accountability and transparency in procurement operations.
- 6.3. Section 49 (1) of the Act requires the Council to prepare and adopt policies on contracts and tenders, including policies on:
 - 6.3.1. the contracting out of services; and
 - 6.3.2. competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 6.3.3. the use of local goods and services; and
 - 6.3.4. The sale or disposal of land or other assets.
- 6.4. This Policy seeks to:
 - 6.4.1. establish the principles governing the Council's acquisition of Goods and Services;
 - 6.4.2. demonstrate accountability and responsibility by the Council to ratepayers;
 - 6.4.3. be fair and equitable to all parties involved;
 - 6.4.4. enable all processes to be monitored and recorded; and
 - 6.4.5. ensure that the best possible outcome is achieved for the Council.
- 6.5. The following are not subject to this Policy:
 - 6.5.1. non-procurement expenditure such as sponsorships, grants, funding arrangements, donations, developer contributions and employment contracts; and
 - 6.5.2. the disposal of land and other assets owned by the Council; and
 - 6.5.3. annual ICT license fee renewals and subscriptions.

7. POLICY OBJECTIVES

The primary objective of this Policy is to provide clear direction and a framework for the Council's procurement of Goods and Services which is consistent with the principles outlined within section 49 (a1) of the Act.

This Policy also aims to allow for the expenditure of Council funds on Goods and Services in a manner that is consistent with the objectives of the Council's long term financial plan and strategic direction (as adopted and/or amended from time to time).

8. PROCUREMENT PRINCIPLES

When undertaking its procurement activities, the Council should seek to strike an appropriate balance between the underlying need, timing and specific circumstances relating to the procurement and the following general procurement principles:

8.1. Competition

- 8.1.1. Encouragement of open and effective competition.

8.2. Value for money

Value for money considerations will, where appropriate, take the following into account:

- 8.2.1. whole of life costs;
- 8.2.2. opportunity costs;
- 8.2.3. the materiality of the level of expenditure;
- 8.2.4. timeframes relevant to the procurement of Goods and Services;
- 8.2.5. the contribution to Council's long term financial plan and strategic direction;
- 8.2.6. any relevant direct and indirect benefits to the Council, both tangible and intangible;
- 8.2.7. efficiency and effectiveness of the proposed procurement activity;
- 8.2.8. the performance history, quality, and financial capacity of each prospective Contractor of Goods and Services;
- 8.2.9. fitness for purpose of the proposed Goods and Services;
- 8.2.10. the Council's internal administration costs;

- 8.2.11. technical compliance, compatibility and interoperability;
- 8.2.12. risk exposure; and
- 8.2.13. the value of any associated environmental benefits.

8.3. Impartiality, Fairness, and Integrity

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

8.4. Procedures and Accountability

The Council shall ensure that procurement procedures appropriate to specific circumstances are followed and that such processes are auditable where possible.

- 8.5. **Delegated Authority** – Prior to the commencement of a procurement activity, with the exception of expressions of interest, the department must ensure that there is sufficient budget for the Goods and Services, or have secured appropriate and committed funding through another source (e.g. grant funding) unless written approval has been given by the General Manager Corporate Services or Chief Executive Officer.

8.6. Compliance with laws

Ensuring compliance with all relevant legislation.

8.7. Local Business Support

Encouragement of the development of competitive Local Businesses.

- 8.7.1. Where relevant, local economic development including the engagement of Local Businesses may be referenced in market procurement documents to reflect the Council's desire to promote economic development within the district or region.
- 8.7.2. For procurements up to a value \$150,000, where submissions received have relatively equal merits in the evaluation criteria the Council may, where appropriate, give preference to Local Businesses.
- 8.7.3. For procurements over a value of \$150,000, when determining evaluation criteria and weightings for (RFT) tenders a suggested minimum weighting of 10% of the total weighting should be applied, if appropriate, for Local Business support and consideration may be given to the location of the business and the potential to contribute to the economic growth within the local or regional area, including the potential to create local employment opportunities and/or the use of local services.

- 8.7.4. The term “local or “regional” means Contractors with their head office (or if it can be demonstrated that the primary operations are in Mount Barker as determined by the Team Leader Procurement, Manager Financial Services or the General Manager Corporate Services) within the boundaries of Mount Barker, Adelaide Hills, Alexandrina, Murray Bridge and Victor Harbor Councils.

8.8. Circular Economy

- 8.8.1. adopt purchasing practices which conserve natural resources;
- 8.8.2. where possible, if relevant, purchase recycled and environmentally preferred products;
- 8.8.3. integrate principles of waste minimisation and energy; and
- 8.8.4. foster the development of Goods and Services which have a low environmental impact.

8.9. Work Health & Safety

- 8.9.1. Council will only consider Contractors who have appropriate systems to manage Work Health and Safety or who can demonstrate a capability to establish adequate systems relevant to a contract prior to the commencement of a contract.
- 8.9.2. A condition of each works contract will be a requirement of a Contractor, before the commencement of the works, to prepare and submit proposed specific Work Health and Safety management guidelines based on hazard identification and risk assessment.

9. 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, from time to time a tender process may not necessarily be the best approach when considering the Procurement Principles. In such instances, other market approaches may be more appropriate. Specific circumstances of any procurement will be considered when determining a process commensurate with the scale, scope and relative risk of the proposed procurement.

The Council may, having regard to its financial delegations, the considerations outlined in paragraph 8 of this Policy and any other factors considered relevant by the Council, in its absolute discretion determine to utilise one or more of the following procurement methods:

9.1. Direct Purchasing (DP)

- 9.1.1. Where the Council purchases from a single source, without first obtaining competing bids.
- 9.1.2. This method is typically used for low value, low risk Goods and Services, and generally where the Contractor already has a successful service history with the Council.

9.2. Request for Quotations (RFQ)

- 9.2.1. This is where the Council obtains written quotations from prospective Contractors.
- 9.2.2. A minimum of three (3) written quotations should be sought (two (2) is acceptable where there are not three (3) suitable suppliers).
- 9.2.3. A 'Request for Quotation' is generally used for purchases with minimal specifications.

9.3. Requests for Expressions of Interest (REOI)

- 9.3.1. The Council will issue an open invitation for proposed Goods and Services.
- 9.3.2. This method is often used where there is potentially a large market for the proposed Goods and Services, and the Council would like to be able to prepare a shortlist of Contractors to then invite to participate in a tender process.
- 9.3.3. REOIs may be publicly advertised or, where the Council has reasonable grounds for specifically dealing with a select group of potential Contractors or a demonstrated and evidenced limited supply market, to a select range of Contractors.

9.4. Requests for Proposals (RFP)

The primary purpose of an RFP is to transmit the Council's understanding of the requirements for a project to identified Contractors whom the Council believes can provide solutions.

9.5. Request for Tenders (RFT)

- 9.5.1. The Council issues a tender for proposed Goods and Services.
- 9.5.2. The Council may issue a 'Select' RFT where it has already issued a REOI, or where it has reasonable grounds for specifically dealing with a select group of potential Contractors such as a demonstrated and evidenced limited supply market.
- 9.5.3. Otherwise, the Council may issue an 'Open' RFT.

- 9.5.4. Open RFTs will be advertised on VendorPanel (or other program / website approved by the CEO or General Manager Corporate Services) and on the Council's website as a minimum and may also be advertised via the SA Tenders and Contracts website.

9.6. Panel Contracts

- 9.6.1. Where the Council establishes panel arrangements with a select group of Contractors. Typically, a tender is undertaken to select a group of Contractors which can provide identified Goods and Services and have the capability to meet the Council's needs, for inclusion on a panel.
- 9.6.2. Once a panel has been established, the Council may purchase particular Goods and Services through such panel arrangements, including directly from any of the Contractors on the panel, without the need to obtain quotes or seek tenders.
- 9.6.3. Panel arrangements with selected Contractors usually involve either:
 - 9.6.3.1. a standing offer from a pool of Contractors for the provision of Goods and Services on agreed terms; or
 - 9.6.3.2. the pre-qualification of certain Contractors who may or may not be engaged on terms to be agreed.

9.7. Strategic Alliances

- 9.7.1. Where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including but not limited to:
 - 9.7.1.1. LGA Procurement;
 - 9.7.1.2. Procurement Australia;
 - 9.7.1.3. a purchasing group of which the Council is a member;
 - 9.7.1.4. other Councils; and
 - 9.7.1.5. State Government contracts.
- 9.7.2. Strategic alliances may result in the Council increasing its purchasing power by partnering with one or more Councils, representative bodies or suppliers.
- 9.7.3. Strategic alliances may enable the Council to achieve lower costs for standard Goods and Services through collaborative purchasing and achieve efficiencies in procuring the Goods and Services.

10. CONSIDERATIONS FOR THE COUNCIL

The appropriate method of procurement will be determined by reference to a number of factors, including the Procurement Principles, and the following:

10.1. Value of the Purchase:

Value of Purchase (ex GST)	Suggested Method(s) of Procurement
Up to purchase order limit (currently \$2,500).	Direct sourcing of low value purchases without a purchase order. (refer to 9.1)
Purchase order limit to \$25,000	Direct purchase with appropriate documentation for a purchase order to be raised (including at least one written cost estimate or written quotation). (refer to 9.1)
\$25,001 to \$150,000	Request for Quotation (RFQ) with at least three (3) written quotations sought (refer 9.2)
\$150,001 to \$500,000	REOI – Request for Expression of Interest (refer to 9.3) RFP – Request for Proposal (refer to 9.4) Select RFT – Select Request for Tender with at least three (3) written quotations sought (refer to 9.5)
Over \$500,000	REOI - Request for Expression of Interest (refer to 9.3) RFT – Request for Tender (refer to 9.5)

10.1.1. If the procurement value is in excess of \$25,000, the process should be undertaken by the Procurement Department, unless otherwise authorised and determined by the Procurement Department, General Manager Corporate Services or the Chief Executive Officer.

10.1.2. Guidelines for calculating the value of a purchase may be calculated as follows:

- 10.1.2.1. single one-off purchase - the total amount, or estimated amount, of the purchase (excluding GST); or
- 10.1.2.2. multiple purchases - the value, or the estimated value, of the purchases (excluding GST); or
- 10.1.2.3. on-going purchases over a period of time (for example one year) the annual value, or the estimated annual value, of the purchases (excluding GST).
- 10.1.3. Purchase values should be determined on the basis of a reasonable belief.
- 10.1.4. Purchases should not be split for the purpose of bringing them within lower limits.
- 10.1.5. In the case of any uncertainty as to the value of a purchase, the Team Leader Procurement, the General Manager Corporate Services or the Chief Executive Officer have authority to determine the value.
- 10.2. Cost of an open market approach versus the value of the acquisition and the potential benefits.
- 10.3. The particular circumstances of the procurement activity.
- 10.4. The objectives of the procurement.
- 10.5. The size of the market and the number of competent Contractors.
- 10.6. The Council's leverage in the marketplace.
- 10.7. Time constraints.
- 10.8. An 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.
- 10.9. Existing relationship with a Contractor relevant to the procurement in question. Extending an existing arrangement where the extension is modest having regard to the original intent of the agreement may provide the Council with greater value for money than if it were to pursue another procurement process in the wider, prevailing market. In the case of more substantial extensions, the Council will consider the other procurement methods set out in this Policy unless not doing so remains consistent with the Procurement Principles.

11. RECORDS

- 11.1. The Council must record reasons for utilising any procurement method other than those outlined in paragraph 10.1.

- 11.2. The Council must maintain records of procurement activities in accordance with the State Records Act 1997 and Council's Records Management Policies and Procedures.
- 11.3. At a minimum, documentation which details the Procurement Method, Risk, Evaluation Plan and Evaluation Result, must be prepared and maintained for each relevant procurement.
- 11.4. The method of capturing Procurement Activity records is through use of established templates available to Council Officers.

12. EXAMPLES OF CIRCUMSTANCES WHERE ALTERNATIVES TO SEEKING TENDERS OR QUOTATIONS ARE APPROPRIATE

- 12.1. This Policy contains Procurement Principles and general guidelines to be followed by the Council in its procurement activities. The procurement methods referred to by reference to purchase values in paragraph 10 are suggestions to be considered in light of the Procurement Principles and the other considerations set out in this Policy.
- 12.2. The purpose of this paragraph (12) is to provide a non-exhaustive list of circumstances where a tender or quotation process will not necessarily deliver the best outcome for the Council but where other market approaches may be more appropriate.
- 12.3. The following are examples of circumstances where a market approach other than a tender or quotation process would be appropriate:
 - 12.3.1. where there may be significant public risk if the procurement is delayed by tender or quotation process requirements, such as emergency situations threatening life and property, or
 - 12.3.2. where there may be a significant risk to the Council's operations if a tender or quotation approach is taken; or
 - 12.3.3. where the pressures of time are such that an open call is not feasible, for example, where there has been an unanticipated Council or Government policy decision; or
 - 12.3.4. where the Council purchases Goods and Services at an auction; or
 - 12.3.5. where the Council purchases second-hand Goods and Services; or
 - 12.3.6. where the contract is made with, or under an arrangement with, or made through a panel contract pursuant to paragraph 9.6 of this Policy or a strategic alliance pursuant to paragraph 9.7 of this Policy; or
 - 12.3.7. where a situation presents itself wherein a Contractor has considerable background knowledge and experience or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such situations the

procurement of Goods and Services on negotiated fees and terms through that Contractor alone may be deemed sound and advantageous to the relevant project. This could include engaging the Contractor on a retainer basis for a specified period of time.

12.4. Procurements carried out in circumstances, and of the type, referred to in paragraph 12.3:

12.4.1. require the approval of Council, the Chief Executive Officer , a General Manager, Head of Wastewater or the Executive Manager to the CEO within their financial delegation limit.

12.4.2. are consistent with the Procurement Principles and other considerations set out in this Policy.

13. DELEGATIONS

Purchases shall only be approved by Council officers with appropriate financial delegation and/or in accordance with any other Council policy or procedure.

14. UNSOLICITED PROPOSALS

The Council may consider unsolicited proposals in accordance with Council's Unsolicited Proposal Policy.

15. TRAINING/EDUCATION

Council will provide appropriate training to staff to ensure that Council meets its corporate commitment to procurement.

16. REVIEW

This Policy will be reviewed every three (3) years or earlier in the event of changes to legislation or related policies and procedures or if deemed necessary by the General Manager Corporate Services

17. ACCESS TO THE POLICY

The Policy is available for public inspection at the Customer Service Centre, at the Local Government Centre, 6 Dutton Road, Mount Barker, South Australia and on the Council's website www.mountbarker.sa.gov.au

18. FURTHER INFORMATION

For further information on this Policy, please contact:

Title: Procurement

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Mount Barker SA 5251

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South Australia, SA, 5251

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COMMUNITY PLAN 2020-2035 REFERENCE:	List applicable Economic Prosperity Leadership and Good Governance		
REVIEW CYCLE	This Policy will be reviewed: <ul style="list-style-type: none">- every three years; or- the frequency dictated in legislation, or- earlier in the event of changes to legislation or related Policies and Procedures or ;- if deemed necessary by the General Manager Corporate Services. It is recognised that from time to time circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name or a State or Federal Department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council (if statutory) or the Chief Executive Officer (if administrative).		

NEXT REVIEW DATE	7 September 2026		
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