

# PROCUREMENT POLICY

## (STATUTORY POLICY)

### 1. Scope

The Procurement Policy (this 'Policy') sets out Council's policy for the procurement of goods and services and applies to the procurement of all goods, equipment and related services, construction and service contracts (including maintenance).

The Procurement of all goods and services by Council must be carried out in accordance with the *Local Government Act 2009* (the 'Act') and the *Local Government Regulation 2012* (the 'Regulation'). It is the responsibility of all Council officers to understand the meaning and intent of this Policy and comply with its provisions.

### 2. Purpose

Council procurement activities aim to achieve advantageous procurement outcomes by:

- promoting value for money with probity and accountability; and
- advancing Council's economic, social and environmental policies; and
- providing reasonable opportunity for competitive local business that comply with relevant legislation to supply Council; and
- promoting compliance with relevant legislation.

### 3. References (legislation/related documents)

#### Legislative references

*Local Government Act 2009*

*Local Government Regulation 2012*

#### Related documents

Code of Conduct

Environmental Sustainability Policy

Purchasing Directive

### 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	Livingstone Shire Council.
Council Officer	An individual that is paid to perform work for Council.

Procurement	The end-to-end 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.
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

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.

### 5.1 Sound Contracting Principles

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

For large-sized and high-risk contractual arrangements, demonstration of this regard is documented via the 'Sound Contracting Principles Checklist'. The Checklist must be completed by Council Officers to indicate how the Sound Contracting Principles have been considered during the procurement process.

#### (a) Value for money

Council must harness its purchasing power to achieve the best value for money. Value for money considers more than just price alone. It requires an assessment of cost and non-cost factors as well as the outcomes required by council. Council will seek to apply the value for money principle by considering a number of factors, which include:

- availability;
- whole of life costs, including transaction costs associated with acquisition, reliability, maintenance, and disposal;
- non-cost factors, including fitness for purpose, quality, service, and support;
- sustainability factors;
- advantage of buying locally; and
- any other factors specific to the purchase.

#### (b) Open and effective competition

Procurement must be open and result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

Council will seek to apply the open and effective competition principle by considering a number of factors, which include:

- meaningful market and supplier engagement;
- fair comparison of goods and services;
- transparent, documented tender processes; and
- through a tender process, establishing buying arrangements for strategic procurements.

#### (c) The development of competitive local business and industry

The development of competitive local business and industry seeks to create benefits for council, local suppliers, and the Livingstone Shire economy through purchasing locally by using local suppliers where benefits exist to all stakeholders. Therefore, as well as price, performance, quality and suitability Council may also consider:

- the number of local jobs supported or employment opportunities provided by the procurement activity;
- the use of local contractors, manufacturers, and supply chain directly relating to the supply or manufacture of goods/services;
- the number of local apprenticeships and traineeships supported by the procurement activity; or
- other benefits that enhance economic growth for the region.

Local benefits are supported with a preference weighting of up to 20% in tender evaluations. An example of this weighting utilised by the Queensland Government is as follows:

**Table 2:** Example evaluation criteria

Evaluation Criteria	Weighting	Comments
Supplier experience and capability	30%	The supplier will be evaluated on their overall experience and capability in delivering similar past projects.
Project management	10%	The supplier will be evaluated on their processes related to project management and service delivery.
Local benefits	20%	The supplier will be evaluated on: <ul style="list-style-type: none"> <li>• the number of local jobs supported by the procurement activity</li> <li>• use of local contractors, manufacturers and supply chain directly relating to the supply of goods and/or services</li> <li>• the number of local apprentices and trainees supported by the procurement activity</li> <li>• the number of local Aboriginal jobs and Torres Strait Islander jobs supported by the procurement activity.</li> </ul>
Price	40%	The supplier will be evaluated on their offered price.

<https://www.forgov.qld.gov.au/procurement-guides> - Local benefits test

This could be applied in a Livingstone Shire Council procurement process as per the following example evaluation matrix:

Definition	Rated Weighting	Comments
Meets the full requirements	100	The tenderer is wholly established in LSC and all proposed supplier spend is within LSC boundaries.
Nearly meets the full requirement	75	The tenderer is established in LSC and the majority of the proposed supplier spend is within LSC boundaries.
Meets some of full requirements	50	The tenderer may or may not be established in LSC, they may have a site office, and most spend and employment is within LSC boundaries.
Partially meets the requirement	25	The tenderer may be located outside of LSC and a marginal percentage of the proposed supplier spend and employment is within LSC boundaries.
Does not meet the requirements	0	The tenderer is located outside of LSC and none of the proposed supplier spend and employment is within LSC boundaries.

Additionally, Council will commit to education of local suppliers and internal stakeholders about 'Doing Business with Council'.

#### (d) Environmental protection

Council promotes environmental protection through its procurement procedures. Key environmental issues must be considered over the life cycle of the goods/services that are procured. Council will seek to apply the environmental protection principle by considering a number of factors, which include:

- water use and water quality impacts;
- resource use, including the use of non-renewable resources;
- end-of-life options (e.g. recyclability);
- impact on natural habitat; or
- noise, pollutants, and emissions.

#### (e) Ethical behaviour and fair dealing

Ethical behavior and fair dealing requires openness and accountability in procurement processes, resulting in suppliers, Council, and the public having confidence in Council's dealings in the marketplace.

Council conducts procurement impartially, fairly, independently, and with openness and integrity to ensure probity and accountability in its processes and outcomes.

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 quotations, tenders and any evaluations and recommendations associated with subsequent contracts or purchases.

Council is committed to ensuring that its staff identify and resolve conflicts of interest to ensure accountability and transparency.

### 5.2 Minimum Quotation Thresholds

Council is required to apply minimum quotation thresholds as per the Regulation with exceptions to these minimum quotations thresholds being governed by Council's Procurement Policy and Purchasing Directive. Quotes must be sought prior to raising a purchase order.

Below is Council's Minimum Quotation Thresholds Matrix:

	Amount (GST Exclusive)	PSA	RPQS (minimum)	All other purchasing (minimum)
Small	\$0-\$5,000	No Quotes	No Quotes	No Quotes
	\$5,001 - \$15,000	No Quotes	Invite 1 Quote	Invite 2 Quotes
Medium	\$15,001 - \$180,000	No Quotes	Invite 2 Quotes	Invite 3 Quotes
Large	\$180,001 +	No Quotes	3 Quotes or Tender**	Tender

*\*\* Where advantageous to Council, a tender may be undertaken where a buying arrangement already exists if the purchase is in excess of \$180,000*

### 5.2.1 Small Purchases - Under \$15,000 (ex GST)

- a) For a purchase under \$5,000, no minimum number of quotes required.
- b) For purchases between \$5,001 and \$15,000 invite a minimum of two (2) written quotes.
- c) When accessing a buying arrangement and the purchase is under \$15,000, one (1) written quote is required, unless otherwise directed by the Purchasing Directive.

### 5.2.2 Medium Purchases - worth \$15,001 or more, but less than \$180,000 (ex GST)

Council cannot enter into a **medium-sized contractual arrangement** unless Council first invites written quotes for the contractual arrangement.

The invitation must be to at least three (3) persons who Council considers can meet Council's requirements, at competitive prices. Council may decide not to accept any of the quotes it receives.

However, if Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the Sound Contracting Principles identified in s 104 of the Act.

Council Officers will have access to Buying Arrangements which provide for alternative minimum quote requirements.

### 5.2.3 Large Purchases - Worth \$180,001 (ex GST) or more

Council cannot enter into a **large-sized contractual arrangement** unless Council first invites written tenders for the contractual arrangement in accordance with the requirements of s 228 of the Regulation.

Council must either invite written tenders under s 228(4) or invite expressions of interest under s228(5) before considering whether to invite written tenders under s 228(6)(b).

The invitation for tenders must:

- (a) be made by an advertisement in a newspaper that circulates generally in the local government area of Council; and
- (b) allow written tenders to be given to Council for at least twenty-one (21) days after the advertisement is published.

Council must comply with the requirements in s 228(7) of the Regulation if it wants to invite tenderers to change their tenders to take account of a change in the tender specifications.

Council Officers will have access to Buying Arrangements which may provide an alternative to seeking tenders. Please refer to the Procurement Team in this regard.

## 5.3 Buying Arrangements

Council will establish Buying Arrangements including Preferred Supplier Arrangements, Register of Pre-Qualified Suppliers, Local Buy Arrangements and Queensland State Purchasing Arrangements.

These arrangements are available to Council Officers through VendorPanel and Officers must access quotes for goods or services under a buying arrangement through this portal. Officers must attach evidence in Finance One showing that section 5.4 has been adhered to.

Application of buying arrangements will be detailed in Council's Purchasing Directive.

## 6. Changes to this Policy

This Policy is to be reviewed when any of the following occur:

1. As required by legislation – annually; or
2. The related information is amended or replaced; or
3. Other circumstances as determined from time to time by the Council.

## 7. Repeals/Amendments

This Policy repeals the Livingstone Shire Council Policy titled 'Procurement Policy (v4)'.

Version	Date	Action
1.0	28/01/2014	Adopted
2.0	15/08/2017	Amended Policy Adopted
2.1	02/10/2018	Administrative Amendments – reflect organisational restructure
3.0	04/03/2019	Amended Policy Adopted – amendment to section 5.4
4.0	16/06/2020	Policy Adopted – no changes made
5.0	21/09/2021	Amended Policy Adopted – full review and amendments made to Policy
5.1	12/12/2022	Policy reviewed, no changes required
6.0	21/11/2023	Policy Adopted – no changes made

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