



Procurement Policy

Policy type	Council	
Function	Organisation	
Policy Owner	er Corporate and Community Services – Procurement	
Effective Date	15 December 2011	

1. Purpose

The policy sets out Cassowary Coast Regional Council's (Council) principles and procurement framework when conducting procurement and contracting activities.

2. Objective

Council's objectives and desired policy outcomes when conducting procurement and contracting activities are to:

- a) comply with all applicable laws including the *Local Government Act 2009 (Queensland)* (LGA 2009) and *Local Government Regulation 2012 (Queensland)* (LGR 2012);
- b) provide a framework for conducting procurement and contracting activities within a sound governance and probity environment;
- c) preference to the use of local suppliers in providing services wherever possible, where competitive levels of quality, service, efficiency, cost effectiveness and value for money are demonstrated;
- d) encourage strategic decision-making and sustainable procurement practices;
- e) facilitate efficient and timely delivery of Council's capital works, operational and service delivery programs;
- f) deliver value for money;
- g) encourage an open, efficient and competitive marketplace;
- h) maintain public confidence in Council's procurement activities

3. Scope and Responsibility

This policy covers all procurement activity irrespective of the funding source and acquisition process. The principles outlined in this policy will be followed by all employees (full-time, part-time, temporary and casual), consultants, contractors or labour hire engaged by Council and Councillors when procuring goods, services and works for any Council related activity or purpose.

The Executive Leadership Team is responsible for ensuring that this policy is understood and followed by all employees. The Manager Procurement is responsible for collating and providing information to assist in monitoring procurement activities and informing decision making.

4. Procurement Principles

Council officers must have regard to the following procurement principles in all purchasing activities.

(a) Value for Money

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- (i) contribution to the advancement of Council's priorities and
- (ii) fitness for purpose, quality, services and support and
- (iii) whole-of-life costs including costs of acquiring, using, maintaining and disposal and
- (iv) internal administration costs and
- (v) utilisation of existing inventory items and consumables held in stores and workshops, including plant and fleet and
- (vi) technical compliance issues and
- (vii) risk exposure and

(viii) value of any associated environmental benefits.

(b) Open and effective competition

Purchasing should 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.

(c) Development of competitive local business and industry

Council encourages the development of competitive local businesses within the Cassowary Coast Regional Council area.

In accordance with Section 104(3) (c) of the *Local Government Act 2009*, Council wishes to pursue the principle of the development of competitive local business and industry as part of the process of making its purchasing decisions. Council's commitment to competitive local business and industry is specifically demonstrated below:

In this policy, a "local supplier" is a supplier which:

- (i) business is beneficially owned by persons who are residents and rate payers of the local government area of Council; or
- (ii) has its principal place of business within the local government area of Council; or
- (iii) otherwise has a place of business within the local government area of Council which solely or primarily employs persons who are residents or rate payers of the local government area of Council.

A **"non-local supplier"** is a supplier that is not a local supplier within the local government area of Council and refers to surrounding Councils, "Queensland", "Australian" and "International" suppliers.

Requirements for quotations (procurement less than \$200,000 Exclusive GST):

- (i) Where a procurement with an expected value < \$5,000:
 - At least one written quote is required to be sought from a local supplier where local suppliers exist.
- (ii) Where a procurement with an expected value > \$5,000 and < \$15,000:
 - At least two written quotes are required to be sought from local suppliers where local suppliers exist.

- (iii) Where a procurement with an expected value > \$15,000 and < \$200,000:
 - At least three written quotes are required to be sought from local suppliers where local suppliers exist:
 - Where there is only one (1) local supplier identified, at least two (2) quotations must be sought from non-local suppliers.
 - Where there are only two (2) local suppliers identified, at least one (1) quotation must be sought from non-local suppliers.
 - Where there are three (3) or more local suppliers identified, only local suppliers may quote.

Exemption

In circumstances where an evaluation process indicates it may be more advantageous to engage a non-local supplier, the relevant member of the Executive Leadership Team or CEO approval is required and must be accompanied by documentation that sufficiently describes those circumstances.

<u>Requirements for procurement greater than \$200,000 (Exclusive GST):</u>

Council uses the public tender or contractual arrangement exceptions in the Local Government Regulation 2012 s223 to s235 and up to a 10% total local supplier price advantage must be applied for procurement offers below \$2 million received from suppliers.

The following sliding scale (refer table below) maybe used to determine the extent to which the 10% total local supplier price advantage shall be allocated based on local supplier status and tender responses. The scale is an assessment that seeks to addresses real and/or perceived occurrences where some local suppliers consider themselves to be more "local" than others and therefore tender responses should be assessed differently.

		Owned and Operated			
		CCRC	Queensland	Australia	International
ouppilers and Labo	Use predominantly local suppliers, subcontractors and labour	10	8	7	5
	Use mix of local and regional (CCRC and surrounding Councils) suppliers and subcontractors	9	7	6	3
	Use mix of local and/or Queensland suppliers and subcontractors	7	5	3	2
	Rely significantly on labour and suppliers outside Queensland but within Australia	4	3	2	1
	Rely heavily on international suppliers, contractors and labour	2	2	1	0

(d) Environmental protection

Council promotes environmental protection and responsibility through its purchasing procedures. In undertaking any purchasing activities, Council will endeavour to:

- (i) promote the procurement of environmentally friendly goods and services that satisfy value for money criteria; and
- (ii) foster the development of products and processes of low environmental and climatic impact; and
- (iii) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- (iv) encourage environmentally responsible activities.

Council may also consider the following:

- (i) the environmental performance of prospective contractors or suppliers;
- (ii) the selection of products that may have a reduced impact on human health and/or the natural environment; and
- (iii) the environmental impact and performance of a requested product such as energy and/or water efficiency rating, fuel efficiency and durability, recycled content, toxicity, origin of any components made from wood (e.g. paper products) and end of life disposal.

(e) Ethical behaviour and fair dealing

Council officers involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity and professionalism in all verbal and written correspondence to suppliers - including discussions and negotiations held with suppliers and their representatives.

- (i) Requirement That Council's procurement activities be performed with integrity and in a manner able to withstand the closest possible audit scrutiny.
 (ii) Conduct of Councillors and Council Staff
 - Councillors and Council staff shall abide by the Councillor Code of Conduct, Code of Conduct for Council Employees and all applicable policies and instructions at all times.
- (iii) Conflict of Interest
 Councillors and Council staff are responsible for reporting any declarable or prescribed conflicts of interest prior to or during any business dealings.
- (iv) Disclosure of Information Commercial-in-confidence information received by Council must not be disclosed and is to be stored in a secure location. Discussion with potential suppliers during tender evaluation processes should not go beyond the extent necessary to resolve reasonable doubt regarding supplier proposals.

5. Goods and Services Tax

In this policy, a reference to a price or purchase value is intended to be exclusive of Goods and Services Tax (excl. GST).

6. Purchasing Thresholds

All purchase requisitions must be duly authorised by a Council officer who has the required financial and contractual delegation approved within the Financial Delegations Register.

Where quotations are to be sought, Council officers must endeavour to ensure that invitations to submit quotations comply with the intent of this Policy to further support local suppliers.

To optimise value in procurement and in accordance with the regulation, where applicable Council will establish supply arrangements (contracts) for category groups for one or more years.

Please refer to 'Appendix 1' for more guidance on purchasing thresholds.

7. Exceptions

Chapter 6, Part 3, Division 3 of the *Regulation* identifies exceptions for medium and large-sized contracts, if one of the exceptions applies, which Council may enter into:

- a) a medium-sized contract without first inviting written quotes; or
- b) a large-sized contract without first inviting written tenders.

The exceptions are:

- a) the preparation of a quote or tender consideration plan in accordance with the requirements of Section 230 of the Regulation;
- entering into a contract if the contract is made with a person who is on an approved contractor list established by Council in accordance with the requirements of Section 231 of the Regulation;
- c) entering into a contract if the contract is entered into with a supplier from a register of prequalified suppliers established by Council in accordance with the requirements of Section 232 of the Regulation;
- d) entering into a contract for goods or services if the contract is entered into with a preferred supplier under a preferred supplier arrangement that is made in accordance with the requirements of Section 233 of the Regulation;
- e) entering into a contract under an LGA arrangement established in accordance with the requirements of Section 234 of the Regulation; and
- f) entering into a medium-sized contract or a large-sized contract if:
 - (i) Council resolves that it is satisfied that there is only one supplier who is reasonably available; or
 - (ii) Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
 - (iii) a genuine emergency exists; or
 - (iv) the contract is for the purchase of goods and is made by auction; or
 - (v) the contract is for the purchase of secondhand goods; or
 - (vi) the contract is made with, or under an arrangement with, a government agency.

With reference to 7(e) Council may utilise arrangements of nominated supplier agreements with institutions such as Local Buy (LB), however an assessment should be undertaken to determine and ensure that no suitably qualified supplier is excluded from the procurement process, unless otherwise approved by the relevant member of the Executive Leadership Team. In addition, Council officers must ensure that requirements of the purchasing threshold are adhered to and a valid Local Buy contract number is referenced within the purchase requisition.

8. Procurement Governance (Procurement Review Board)

Procurement Review Board

Council administrates a Procurement Review Board (PRB) which convenes monthly or as otherwise required. The PRB plays a key role in in the approval processes for procurement activities above a specific threshold. The purpose of the PRB is to consider and approve the procurement methodology and strategy for councils' significant procurement and contracting activities both pre and post market.

Procurement Policy

Pre-Market:

Council officers must present a pre-market procurement plan to the PRB, addressing the strategy and methodology of the procurement activity being undertaken. The purpose of the PRB is to ensure that all relevant risks are addressed and the scope and intent of the procurement aligns with councils Corporate and Operational Plans. It is also intended to provide oversight of budget allocations/expenditure and ensure compliance with legislation and audit requirements.

Post Market:

The PRB reviews and approves the outcome of the procurement process ensuring the recommendation aligns with the scope and intent of the procurement activity. The post market approval ensures appropriate plans are in place for the successful delivery of the procurement and ensures that the outcome is the most beneficial to Council.

Relevant Thresholds:

- All 'Pre-Market' procurement and contracting proposals above \$200,000 Exc. GST
- All 'Post-Market' Procurement and contracting recommendations between \$200,000 and \$1,000,000 Exc. GST (all procurements above this threshold as per policy will go through existing council approval processes).

Council's Procurement Review Board will comprise the following members:

- Chief Executive Officer
- Director Corporate and Community Services
- Manager Governance Risk and Performance
- Director Commercial Services
- Director Infrastructure Services
- Manager Procurement
- Manager Finance

Other officers will be invited who are subject matter experts (SME's) when required to present or assist in providing Council with the best possible outcome.

9. Forward Procurement Plan

Led by the Procurement department with input from key stakeholders, council will develop an annual Forward Procurement Plan each year.

The adoption of the Annual Forward Procurement Plan is integral to ensuring transparency, efficiency, and accountability in the procurement process. By proactively identifying procurement requirements and strategies, Council aims to optimise value for money, support local businesses, promote sustainability, and meet the needs of the community. The Procurement Review Board will review the Forward Procurement Plan regularly.

The Annual Forward Procurement Plan will be reviewed and updated annually to reflect changing priorities, emerging needs, and evolving regulatory requirements. Council commits to engaging stakeholders, including employees, suppliers, and community members, in the development and implementation of the Forward Procurement Plan to ensure it remains responsive to the needs of all stakeholders.

10. Valuable Non-Current Asset Contracts

A valuable non-current asset contract is a contract for the disposal of a valuable non-current asset.

Section 227 of the Regulation provides that Council cannot enter into a valuable non-current asset contract unless it first:

- a) invites written tenders for the contract under section 228 of the Regulation; or
- b) offers the non-current asset for sale by auction.

Exceptions to these requirements are set out in Section 236 of the Regulation. A valuable non-current asset is:

- a) land, or
- b) another non-current asset that has an apparent value that is equal to or more than the limit set by Council.

The limit set by Council cannot be more than the amounts specified in Section 224(7) of the Regulation. Please refer to Council's Asset Disposal Policy FIN004 for further information.

11. Delegation of Authority

The Chief Executive Officer (CEO) will determine delegations, both for contractual delegated authority and financial delegation authority.

All purchasing will be made in accordance with approved delegations and in accordance with the Local Government Act 2009 and the Local Government Regulation 2012.

If the cumulative contract value exceeds over one million dollars, then a formal Council resolution must be obtained.

Only Council officers listed in the Register of Financial Delegations may authorise purchase requisitions in accordance with their approved financial delegation. Furthermore, the authorising officer is responsible to ensure that all relevant requirements have been met and that there is sufficient budget allocation to cover the procurement expenditure.

12. Contract Variations

From time-to-time variations will occur to formal agreements and/or to approved amounts. In instances where circumstances trigger a contract variation, Council's responsible officer must ensure that:

- a) there are sufficient funds allocated in the budget;
- b) contract variations and variation limits were included in the original contract recommendation report and were approved by the relevant approving authority;
- c) the contract variation is approved in Council's contract management system by the appropriate delegated authority with sufficient financial delegation and the delegation must be sufficient for the total contract value, including all contract variations.

Any proposed variation in excess of the approved variation amount will require approval by the relevant member of the Executive Leadership Team or Chief Executive Officer (financial delegation sufficient for total contract value).

13. Social Procurement

Social procurement focuses on human aspects and social equity. Social procurement considers principles of diversity, ethics, acceptance, fairness, compassion, inclusiveness and access for people of all abilities and cultures. It generates positive outcomes for individuals and contributes towards building a stronger and more resilient community.

Council's priorities for social procurement include, but are not limited to:

- a) products and services that improve the overall quality of life in the local community; and
- b) products and services that improve equity of access to services and opportunities.

Sustainable and social procurement must be conducted in line with consideration to the sound contracting principles and other legislative requirements referenced within this document.

Social Impact Exemptions

In circumstances where Council's procurement activities are aligned with Council's social strategies – e.g. Reconciliation Action Plan and procurement provides a social impact, in the event there is no availability of a local supplier, the relevant member of the Executive Leadership Team or CEO approval is required and must be accompanied by documentation that sufficiently describes those circumstances.

14. Payment Terms

Council's standard payment terms and conditions are 30 days from date on a valid tax invoice. All tax invoices must reference a valid Council purchase order number.

However, in accordance with its commitment to the Small Business Charter, Council will seek to ensure fair procurement and prompt payment terms for small business.

Any deviation from Council's standard terms and conditions up to a total contract value of \$50,000 will require approval from the Manager Procurement and contracts over \$50,000 from the relevant member of the Executive Leadership Team.

Payment terms outlined in the *Building Industries Fairness (Security of Payment) Act 2017* will be applied to invoices subject to these provisions and contractual payments related to milestones will be processed as required, based on contractual terms and obligations.

15. Review

It is the responsibility of the Procurement department to monitor the adequacy of this policy and recommend appropriate changes as necessary.

This policy will be formally reviewed by Council annually.

Related forms, policies and procedures	Procurement Guidelines Code of Conduct Register of Financial Delegations Asset Disposal Policy Procurement Review Board Terms of Reference					
Relevant legislation	Local Government Act 2009 (the Act) Local Government Regulation 2012 (the Regulation) Building Industry Fairness (Security of Payment) Act 2017 Financial and Performance Management Standard 2019					
Reference and resources	Local Buy					
Policy Number	10736	10736				
Approved by	Council Resolution 1295	Approval date	15 December 2011			
Approved by	Council Resolution 0112	Approval date	23 August 2012			
Approved by	Council Resolution 0463	Approval date	28 February 2013			
Approved by	Council Resolution 1016	Approval date	25 June 2015			
Approved by	Council Resolution LG0302	Approval date	26 April 2018			
Approved by	Council Resolution B19008	Approval date	27 June 2019			
Approved by	Council Resolution LG0744	Approval date	23 July 2020			
Approved by	Council Resolution LG0967	Approval date	8 April 2021			
Approved by	Council Resolution LG1406	Approval date	15 December 2022			
Approved by	CEO (Organisation Review)	Approval date	17 July 2023			
Approved by	Council Resolution LG1646	Approval date	15 December 2023			
Approved by	Council Resolution LG1736	Approval date	23 May 2024			
Review date	Annually		_			

V

IE

T

APPENDIX 1: PURCHASING THRESHOLDS

Where the value of the purchase or the value of the contract over the full term (including options to extend) is, or is expected to be as specified in Column 1 (Amount of Purchase (excl. GST)) in Table 1, the requirement in Column 2 (Policy) must be followed

Note: Evidence of written quotes must be attached to all relevant purchase orders.

Amount of Purchase (Excl. GST)	Policy			
Purchases with Council Purchase Card	 Refer Council's Corporate Credit Card Policy, including financial limitations and relevant authorisations. 			
Purchases valued at less than \$5,000	 Council officers must seek at least one written quote from a local supplier where local suppliers exist. 			
	 Where a local supplier does not exist, council officers are still required to seek one written quote. 			
Purchases valued at greater than \$5,000 and less than or equal to \$15,000	 Council officers must seek at least two written quotes from local suppliers where local suppliers exist. 			
	 Where a local supplier does not exist, council officers are still required to seek two written quotes. 			
Purchases valued at greater than \$15,000 and less than or equal to \$200,000	At least three written quotes are required to be sought from local suppliers where local suppliers exist.			
	Where there is only one (1) local supplier identified, at least two (2) quotations must be sought from non-local suppliers.			
	Where there are only two (2) local suppliers identified, at least one (1) quotation must be sought from non-local suppliers.			
Purchases valued at greater than \$200,000	Council will invite formal written tenders.			
(This requirement is subject to the exceptions allowable under prevailing legislation, refer to section 7.)	 All Procurement activities over \$200,000 must follow the guidelines set out in section 8 of this policy. (Procurement Review Board Terms of Reference) 			
	• Tenders must be advertised and be open for at least 21 calendar days, not including the advertisement date or the closing dates (allow 23 days).			
	 All tenders must be conducted in accordance with the requirements of the policy, relevant guidelines legislation and Australian Standards. With the assistance of the Procurement Department. 			

Т

