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<b>Title:</b>	<b>Procurement Policy</b>
<b>Policy Number:</b>	<b>GRC 0004</b>
<b>Policy Type:</b>	<b>Statutory</b>
<b>Responsible Officer:</b>	<b>Director Corporate and Community Services</b>
<b>Department:</b>	<b>Finance</b>

Version	Decision Number or CEO Approval	Decision Date	Status / History
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6.	OM-065/23	24 May 2023	Adopted at Ordinary Meeting of Council
7.	OM-070/24	22 May 2024	Adopted at Ordinary Meeting of Council

## 1. Introduction

### 1.1. Policy Statement

Goondiwindi Regional Council (Council) is committed to ensuring that it is transparent and accountable in the procurement of all goods and services.

The objective of this policy is to establish the *procurement principles* Council will apply to all of its procurement activities.

This policy is supported by the Council's Procurement Handbook which establishes sound *procurement practices* based on the prudent use of public resources to achieve Council's objectives as outlined in the Corporate Plan, Operational Plan and other prescribed requirements.

### 1.2. Background

*Section 104 of the Local Government Act 2009 (Qld)* (the Act) requires that a local government must ensure the sound contracting principles are applied when entering into a contract for the supply of goods and services and the disposal of assets.

The sound contracting principles are:

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- a) Value for money;
- b) Open and effective competition;
- c) Encouragement of the development of competitive local business and industry;
- d) Environmental protection; and
- e) Ethical behavior and fair dealing.

*The Act* does not require equal consideration be given to each of the sound contracting principles.

*Part 3 of Chapter 6 of the Local Government Regulation 2012 (Qld)* (the Regulation) sets out the requirements that a local government must comply with before entering into a contract (the default contracting procedures), unless the local government decides to apply *Part 2 of the Regulation*. Council does not apply *Part 2 of the Regulation*, therefore, this policy applies the default contracting procedures.

## 1.3. Principles

Council must have regard to the following sound contracting principles when entering into a contract for the supply of goods and services or the disposal of assets:

### **a) Value for money**

Council will harness its purchasing power to achieve the best value for money.

The concept of value for money is not restricted to price alone. Value for money is weighing up the benefits of the purchase against the cost of the purchase.

The value for money assessment must also include consideration of:

- contribution to the advancement of Council's priorities and goals as set out in Council's Corporate Plan;
- fitness for purpose, quality, services and support;
- whole-of-life cost factors including costs of acquiring, using, maintaining and disposal;
- internal administration costs;
- technical compliance issues; and
- risk exposure.

### **b) Open and effective competition**

Council will as far as is reasonably possible conduct purchasing of goods and services through a process of open and effective competition.

Council must give fair and equitable consideration to all prospective suppliers/contractors.

### **c) Encouragement of the development of competitive local business and industry**

Council encourages the development of competitive local businesses within the Council area. It will endeavour to promote and support local industry and efficient competition in the Council area in all of its procurement activities.

Council acknowledges and fully supports the Queensland Government's Local Industry Policy.

Council is committed to giving local business and industry a fair and reasonable opportunity to tender for project work.

In addition to price, performance, quality, suitability and other evaluation criteria, the following areas may also be considered in evaluating quotes and tenders:

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- creation of local employment opportunities;
- more readily available servicing support;
- more convenient communications for contract management;
- economic growth within the local area; and
- benefit to the Council of associated local commercial transaction.

## **d) Environmental protection**

Council promotes environmental protection through its procurement activities. In undertaking any procurement activities, Council will:

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

## **e) Ethical behavior and fair dealing**

Council staff involved in purchasing must behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.

In addition, procurement must be conducted in a way that ensures that expenditure is only for Council purposes and is adequately documented to provide support for and transparency of recommendations and decisions.

## **2. Local Preference and Local Benefit**

Council encourages and supports the development of competitive local businesses within its local government area and mandates that a local preference margin or local benefit weighting be applied in all procurement activities.

### **2.1.1. Local Preference**

- a) Purchases of goods and services expected to be worth less than \$2,500 (GST exclusive) **must** be acquired locally where available; and
- b) A local preference margin of 5% **must** be applied to contracts expected to be worth \$2,500 (GST exclusive) or more, but less than \$200,000 (GST exclusive).

### **2.1.2. Local Benefit**

- a) A Local Benefit minimum weighting of 10% must be applied in all tender evaluation criteria for contracts expected to be worth \$200,000 or more (GST exclusive). The specific percentage used is to be determined for each tender according to the complexity, category, project type and/or at the discretion of the department responsible for the tender. All tenderers will be requested to demonstrate local benefits to the local government area. Local Benefit is defined in accordance with Table 1 – Local Benefit Rating.

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Table 1 - Local Benefit Rating			
Score	Local Supplier/Contractor	Score	Local Content
4	Branch Office, Work Site or Property in Council area	4	60-100% of content is sourced from within the Council area
3	Local Subcontractor(s) or employees conducting the majority of works	3	45-59% of content is sourced from within the Council area
2	Adjacent Local Government businesses	2	40-44% of content is sourced from within the Council area
1	All other QLD and adjacent northern NSW Local Government businesses	1	1-39% of content is sourced from within the Council area
0	All other	0	0% of content is sourced from within the Council area

Table 1 Notes:

- The combined total score rating for Local Supplier/Contractor and Local Content shall be applied to the total Local Benefit weighting.

This section should be read in conjunction with Council's Purchase of Light Vehicles Policy, identified as policy number GRC 0026.

### 3. Financial Delegation

- a) Pursuant to *section 257 of the Act*, Council delegates to the CEO the authority to incur financial expenditure on behalf of Council where:
  - expenditure has been provided for in Council's approved annual budget; or
  - in the opinion of the CEO such expenditure is required because of genuine emergency or hardship.
- b) Pursuant to *section 259 of the Act*, the CEO may grant financial delegation to a Council Officer to incur expenditure on behalf of Council if:
  - such delegation is recorded in the Register of Delegations; and
  - the expenditure is provided for in Council's approved annual budget; or
  - in the opinion of the Council Officer such expenditure is required because of genuine emergency or hardship.
- c) Any Council Officer incurring financial expenditure may only do so in accordance with any constraints imposed by Council or the CEO in respect to a financial delegation.
- d) Council Officers are only to make contracts for the acquisition of goods and services where the total of the contract is considered to be within the Council Officer's financial delegation limits and within the Council Officer's own directorate.
- e) Any purchases involving a trade in of goods which forms part of the purchase cost should be treated as separate transactions, being a purchase and being a separate sale, and should be approved according to their own financial dimensions.

The "Financial Delegations" in effect at any time, are set out in Procurement Handbook.

#### 3.1. Goods and Services Tax (GST)

Council is a business registered for GST and all purchases shall be conducted in compliance with the statutory requirements of the *A New Tax System (Goods and Services Tax) Act 1999* and Related Acts. All amounts within this policy are exclusive of GST.

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## 4. Disposal of valuable non-current Asset

### 4.1. Disposal of valuable non-current assets with the Approval of the CEO

*Section 227 of the Regulation* prescribes 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.

Council has delegated to the CEO:

- the power to invite written tenders for a valuable non-current asset contract or to offer a non-current asset for sale by auction; and
- the power to enter into a valuable non-current asset contract after first inviting written tenders for the contract or offering the non-current asset for sale by auction.

A valuable non-current asset contract is –

- a) Land; or
- b) Another non-current asset that has an apparent value that is equal to or more than a limit set by Council. Council has delegated to the CEO the power to set this limit and this limit cannot be more than the following amount –
  - for plant or equipment \$ 5,000;
  - for another type of non-current asset \$ 10,000.

The above is subject to some exceptions and these are explained in section 4.2 of this policy, as below.

### 4.2. Exemptions to the Disposal of valuable non-current assets with the Approval of the CEO

Council has delegated to the CEO the power to dispose of a valuable non-current asset other than by tender or auction in the circumstances specified in *section 236 of the Regulation*.

Under *Section 236 of the Regulation*, Council may dispose of a valuable non-current asset, other than by tender or auction if:

- a) The valuable non-current asset:
  - was previously offered for sale by tender or auction but was not sold; and
  - is sold for more than the highest tender or auction bid that was received; or
- b) The valuable non-current asset is disposed of to -
  - a government agency; or
  - a community organisation; or
- c) For the disposal of land or an interest in land-
  - the land will not be rateable after the disposal; or
  - the land is disposed of to a person whose restored enjoyment of the land is consistent with Aboriginal tradition or Island Custom; or

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- the disposal is for the purpose of renewing the lease of land to the existing tenant of the land; or
  - the land is disposed of to a person who owns adjoining land if certain conditions are met (refer to *section 236(1)(c)(iv)(A)-(D) of the Regulation*);
  - all or some of the consideration for the disposal is consideration other than money if it is in the public interest to dispose of the land without a tender or auction and the disposal is otherwise in accordance with sound contracting principles ; or
  - the disposal is the purpose of a lease for a telecommunications tower; or
  - the disposal is of an interest in land that is used as an airport or for related purposes if it is in the public interest to dispose of the interest of land without a tender or auction and the disposal is otherwise in accordance with sound contracting principles;
- d) For the disposal of a valuable non-current asset, other than land, by way of trade-in for the supply of goods or services to the local government –
- the supply is, or is to be, made under *Part 3 of the Regulation*; and
  - the disposal is, or is to be, part of the contract for the supply; or
- e) For the disposal of a valuable non-current asset by the grant of a lease- the grant of the lease has been previously offered by tender or auction, but a lease has not been entered into.

## 5. Quoting and Tender Requirements

The “Quoting and Tender Requirements” are set out in Procurement Handbook.

### 5.1. Policy Review

It is the responsibility of the Manager Finance to monitor the adequacy of the Procurement Policy and the Procurement Handbook and recommend appropriate changes. Council will formally review the Procurement Policy annually.

## 6. Related Documents

- Goondiwindi Regional Council Procurement Handbook.