

# Procurement Policy

## Statutory Policy

### Renmark Paringa Council

<b>Responsible Officer</b>	Director Corporate and Community Services
<b>Relevant Legislation</b>	<i>S49 – Contracts and Tenders Policies</i>
<b>Related Policies</b>	<i>Unsolicited Proposals Policy</i>
<b>Adopted</b>	March 2006
<b>Reviewed</b>	September 2023
<b>Next Review</b>	September 2026

## 1. Introduction

- 1.1. In compliance with Section 49 of the Local Government Act 1999 (Act), Council should refer to this policy (Policy) when acquiring goods and services.
- 1.2. Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
  - 1.2.1. The contracting out of services; and
  - 1.2.2. competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
  - 1.2.3. the use of local goods and services.
- 1.3. Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
  - 1.3.1. obtaining value in the expenditure of public money; and
  - 1.3.2. providing for ethical and fair treatment of participants; and
  - 1.3.3. ensuring probity, accountability and transparency in all operations.
- 1.4. This Policy seeks to:
  - 1.4.1. define the methods by which Council can acquire goods and services;
  - 1.4.2. demonstrate accountability and responsibility of Council to ratepayers;
  - 1.4.3. be fair and equitable to all parties involved;



- 1.4.4. enable all processes to be monitored and recorded; and
- 1.4.5. ensure that the best possible outcome is achieved for the Council.

1.5. However, this Policy does not cover:

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

## **2. Objective**

Council aims to achieve advantageous procurement outcomes by:

- 2.1. enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2. promoting the use of resources in an efficient, effective and ethical manner;
- 2.3. making decisions with probity, accountability and transparency;
- 2.4. advancing and/or working within Council's economic, social and environmental policies;
- 2.5. providing reasonable opportunity for competitive local businesses to supply to Council;
- 2.6. appropriately managing risk; and
- 2.7. ensuring compliance with all relevant legislation.

## **3. Procurement Principles**

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

- 3.1. Encouragement of open and effective competition
- 3.2. Obtaining Value for Money
  - 3.2.1. This is not restricted to price alone.
  - 3.2.2. An assessment of value for money must include, where possible, consideration of:
    - 3.2.2.1. the contribution to Council's long term plan and strategic direction;



- 3.2.2.2. any relevant direct and indirect benefits to Council, both tangible and intangible;
  - 3.2.2.3. efficiency and effectiveness of the proposed procurement activity;
  - 3.2.2.4. the performance history, and quality, scope of services and support of each prospective supplier;
  - 3.2.2.5. fitness for purpose of the proposed goods or service;
  - 3.2.2.6. whole of life costs;
  - 3.2.2.7. Council's internal administration costs
  - 3.2.2.8. technical compliance issues;
  - 3.2.2.9. risk exposure; and
  - 3.2.2.10. the value of any associated environmental benefits.
- 3.3. **Probity, Ethical Behaviour and Fair Dealing**  
Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.
- 3.4. **Accountability, Transparency and Reporting**
- 3.5. **Ensuring compliance with all relevant legislation**
- 3.6. **Encouragement of the development of competitive local business and industry**  
Where the evaluation criteria are comparable, Council will consider the following:
  - 3.6.1. the creation of local employment opportunities;
  - 3.6.2. increased availability of local servicing support;
  - 3.6.3. increased convenience with communications with the supplier for contract management;
  - 3.6.4. economic growth within the local area;
  - 3.6.5. benefit to Council of associated local commercial transaction; and/or
  - 3.6.6. the short and long term impact of the procurement on local business
- 3.7. **Environmental protection**  
Council will seek to:
  - 3.7.1. adopt purchasing practices which conserve natural resources;
  - 3.7.2. align the Council's procurement activities with principles of ecological sustainability;
  - 3.7.3. purchase recycled and environmentally preferred products where possible;
  - 3.7.4. integrate relevant principles of waste minimisation and energy;



- 3.7.5. foster the development of products and services which have a low environmental impact;
  - 3.7.6. provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.
- 3.8. **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 to facilitate the identification of hazards, risk management, and the appropriate monitoring of the contractors engaged by Council. Council will only engage Contractors who can demonstrate an appropriate WHS Management System capability that at a minimum meets the Council's policy standards.

#### **4. 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, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the Council – in such instances, other market approaches may be more appropriate.

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

- 4.1. **Direct Purchasing**
  - 4.1.1. This is where Council purchases from a single source, without first obtaining competing bids.
  - 4.1.2. 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.
  - 4.1.3. When utilising Direct Purchasing, the relevant Council Officer must ensure that the purchase is undertaken with an approved Supplier/Contractor.



- 4.2. Quotations (Informal)
  - 4.2.1. This is where Council obtains quotations from prospective suppliers.
  - 4.2.2. Generally, a minimum of two quotations are sought.
  - 4.2.3. Where possible, the Council must insist on written quotes.
  - 4.2.4. 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.
  - 4.2.5. This method may be suitable for low value, low risk goods and services.
- 4.3. Request for Quotations (RFQ)
  - 4.3.1. This is where Council obtains written quotations from prospective suppliers.
  - 4.3.2. Generally, a minimum of two written quotations must be sought. The number of quotations sought will depend upon whether the goods/services are unique in nature and/or whether there are a limited number of competitors in the marketplace.
  - 4.3.3. This method may be suitable for simple, largely price-based purchases.
  - 4.3.4. A “Short Form Request for Quotation” can be used for purchases with minimal specifications.
  - 4.3.5. A “Long Form Request for Quotation” can be used for purchases with detailed specifications.
- 4.4. Requests for Expressions of Interest (REOI)
  - 4.4.1. This is where Council issues an open invitation for a proposed goods and/or service.
  - 4.4.2. 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.
- 4.5. Request for Tenders (RFT)
  - 4.5.1. This is where the Council issues a tender for a proposed goods and/or service.
  - 4.5.2. 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.
  - 4.5.3. Otherwise, Council may issue an “Open” Request for Tender which will be advertised publicly.



4.6. Panel contracts

4.6.1. 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:

4.6.1.1. a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or

4.6.1.2. the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

4.6.2. Once a panel has been established, the Council may purchase the particular goods and/or service through such panel arrangements.

4.7. Strategic alliances

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

4.7.1.1. LGA Procurement;

4.7.1.2. Other Local Government Procurement

4.7.1.3. Riverland G3 Alliance;

4.7.1.4. Procurement Australia;

4.7.1.5. State Government contracts.



### 5. Considerations for the Council

The appropriate method of procurement will be determined by reference to a number of factors, including:

#### 5.1. Value of the Purchase

Value of Purchase (\$)	Possible Method of Procurement
<b>\$0 - \$10,000</b>	Direct purchase, Strategic Alliances
<b>\$10,001 - \$50,000</b>	Panel Contracts, 2 written quotes, Strategic Alliances
<b>\$50,001 - \$100,000</b>	Request for Quotation (RFQ), Panel Contracts, Strategic Alliances
<b>\$100,001+</b>	Request for Expression of Interest (REOI), Request for Tender (RFT) (Select or Open), Strategic Alliances

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).

5.2. cost of an open market approach versus the value of the acquisition and the potential benefits;

5.3. the particular circumstances of the procurement activity;

5.4. the objectives of the procurement;

5.5. the size of the market and the number of competent suppliers;

5.6. the Council's leverage in the marketplace;

5.7. time constraints;

- 5.8. 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.

## 6. Records

Relevant records must be kept by Council as they relate to the procurement of goods and services and the reasons for procurement decisions . In all cases where a contract is entered into other than as a result of a tender process the reasons for doing so will be recorded.

The Register of Tenders, Major successful tenders, specification documentation & schedule of tenders are Permanent Records of Council. Major tenders are those of a significant nature in terms of dollar-value, major public interest & debate or of value to the history of the Council. These records should be retained and in accordance with Councils Records Management policy.

## 7. Exemptions from this Policy

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be circumstances in which the identified method of procurement (i.e. as set out in this Policy) will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

The Chief Executive Officer may waive application of this Policy and pursue a method which will bring the best outcome for the Council. The Chief Executive Officer must record the reasons in writing for waiving application of this Policy and report to Council within 6 months.

By way of example the following are circumstances in which the Chief Executive Officer may determine it is appropriate to waive application of this Policy:

emergency situations including involving a threat to life and/or property;  
the supply market is known;

- in the case of a requirement to go out to tender, where the costs of undertaking the competitive process would outweigh any probable benefits;
- timing constraints; or
- where funding arrangements or grants specify other requirements



## 8. Use of Local Goods and Services

Wherever appropriate, local suppliers are to be given the opportunity to tender and quote for the supply of goods and services. Further, the location of manufacturers of goods and of suppliers of goods and services will be considered in addition to the matters set out in this Policy in deciding on the purchase of goods and services.

## 9. Definitions

9.1. Local: firstly within the Renmark Paringa Council area, secondly the Riverland area (Renmark Paringa, Berri Barmera and Loxton Waikerie Council area), thirdly South Australia.

## 10. Delegations

That pursuant to section 44 of the Local Government Act 1999, Council delegates to the Chief Executive Officer authority to administer Council's Policies.

## 11. Review

- 11.1. This Policy will be kept on the Council's website for the public to view.
- 11.2. The Council will review this Policy within 12 months after the conclusion of each periodic election.
- 11.3. The Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

## Document Control

Version #	Approval Date	Approved by	Amendment
Unknown	8 September 2020	Special Policy Review Committee	<ul style="list-style-type: none"> <li>- Addition of 'local' definition</li> <li>- Formatting to be in line with Local Government Association template</li> <li>- Formatting to be in line with new RPC Policy template branding.</li> </ul>
	7 September 2023	Audit & Risk Committee meeting	<ul style="list-style-type: none"> <li>- Increase limits 'Value of Purchase'</li> <li>- Item 7 addition report to council within 6 months</li> </ul>