

	COUNCIL POLICY	
	Procurement Council Policy	
	Policy Number	CP071
	Directorate	Organisational Services
	Owner	Ken Diehm, Chief Executive Officer
	Last Approved	22 May 2024
	Review Due	22 May 2025

1. OBJECTIVE

The objective of this policy is to define the requirements for the acquisition of goods and services and carrying out of work, through the application of Sound Contracting Principles as set out in the *Local Government Act 2009 (QLD)*. The policy defines that Councils hierarchical focus is firstly with *Value for Money*, followed closely by *Local Benefit*.

2. POLICY

2.1 Contracting approach

Council has adopted the *Default Contracting Procedures* as outlined the *Local Government Regulation 2012 (QLD)*. The *Local Government Act 2009 (QLD) s104(3)* sets out the principles governing the making of contracts. These principles apply to all local government procurement activities. When seeking quotations and inviting tenders for the carrying out of work, the supply of goods and services or the disposal of assets, all Council Officers must have regard to the following principles:

- Value for money; and
- Open and effective competition; and
- The development of competitive local business and industry; and
- Environmental protection; and
- Ethical behaviour and fair dealing.

2.2 Purchase Requirements

The purchasing requirements can be determined by using Table 1 below:

Table 1. Procurement Rules

	Over \$200,000 ¹ (Large sized contract)	\$15,000 or more but less than \$200,000 ¹ (Medium sized contract)	\$5,000 or more but less than \$15,000	Under \$5,000
Legislation	Local Government Regulation 2012 (QLD) s 226	Local Government Regulation 2012 (QLD) s 225	Not Applicable	Not Applicable
Form of Quotation	Public Tender	Written Quotation or Panel Arrangement		Verbal, Written or Panel Arrangement
Number of Quotations	Not applicable	Seek a minimum of 3	Seek a minimum of 2	Recommended to seek minimum of 2
Local Benefit Evaluation Weighting ²	Mandatory – Minimum 15%	Optional 10 %		

Local Price Advantage ²	N/A	5% may be applied when the average local benefit score is three (3) or above (as per Table 4 in this policy)
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¹The expected value of a contractual arrangement with a Supplier/Contractor for a financial year, or over the proposed term of the contractual arrangement, is the total expected value of all of the local government's contracts with the Supplier/Contractor for goods and services of a similar type under the arrangement. This is defined as the total expected value of all of the Council's contracts with the Supplier/Contractor for goods and services of a similar type under the arrangement. Purchases are excluded from this requirement if they form part of an exception as set out in Section 4 of this Policy.

²Local Benefit Evaluation Weighting and the Local Price Advantage are not to be used together.

2.3 Canvassing

Businesses are not to engage with Council including its employees, Councillors, consultants or agents to discuss any aspect of the tender, quote or the contract, other than the nominated contact for the tender or quote. If Councillors, Council employees, consultants or agents acting on behalf of Council are contacted by businesses or their representatives, it may disqualify the offer. Councillors and Council employees are to notify the procurement team immediately if they are approached by businesses in this manner.

2.4 Advertising of tenders

In accordance with the *Local Government Regulation 2012 (QLD) s228*.

Council's uses an electronic Tenderbox website and will not accept tenders submitted through any other method. Tenders submitted in any other form are not accepted (e.g. email, hardcopy, fax). All correspondence during the tender period are to be through the electronic Tenderbox website (e.g. Enquires, Questions, Clarifications, etc.) to ensure Council has a transparent and equitable tendering process. Late tenders are not accepted by Council.

3. APPLICATION OF THE SOUND CONTRACTING PRINCIPLES

In all procurement activities, regardless of the procurement method (e.g. exception, quote, tender, etc.), Council Officers must have regard for, and satisfy themselves of the Sounds Contracting Principles set out in the Local Government Act (QLD) 104(3), and can be found in this policy at Section 2.1. Documented assessment of how the Sound Contracting Principles are satisfied is to be saved to into the Electronic Document Management System.

4. EXCEPTIONS TO SEEKING TENDERS OR QUOTATIONS

4.1. Type of Exceptions

In accordance with the provisions set out in the Local Government Regulation 2012 (QLD) Division 3, Council can seek exceptions from the requirement to invite tenders or quotations on the following basis. Council Officers should refer to Council's Procurement Exceptions guide when considering exceptions:

Table 2. Exceptions

	Legislation	How to seek exception
Tender Consideration Plan	<i>Local Government Regulation (QLD) s230</i>	<ul style="list-style-type: none"> • Council may decide by resolution to prepare a quote or tender consideration plan and then prepare and adopt the plan. The plan must be prepared in accordance with s230(2). • To utilise this exception, all Council Officers must place a request with the Procurement Team to ensure the Tender Consideration Plan has their endorsement prior to Council resolution.
Contractor Approved List	<i>Local Government Regulation (QLD) s231</i>	<ul style="list-style-type: none"> • An approved contractor list is a list of persons Council considers to be appropriately qualified to provide the services. The list must be produced in accordance with s231(4). • To utilise this exception, all Council Officers must place a request with the Procurement Team who will centrally manage this process.
Register of Pre-Qualified Suppliers	<i>Local Government Regulation (QLD) s232</i>	<ul style="list-style-type: none"> • Council may establish a list of pre-qualified Supplier/Contractors in accordance with s232(3) to (5). • To apply for this exception, all Council Officers must place a request with the Procurement Team who will centrally manage this process.
Preferred Supplier/Contractor Arrangements	<i>Local Government Regulation (QLD) s233</i>	<ul style="list-style-type: none"> • The preferred Supplier/Contractor arrangement should be made in compliance with Section 233 Subsections (3) to (8). • To apply for this exception, all Council Officers must place a request with the Procurement Team who will centrally manage this process.
Local Government Association Arrangements	<i>Local Government Regulation (QLD) s234</i>	<ul style="list-style-type: none"> • Local Government Association Queensland (LGAQ) develops a number of Pre-Qualified Supplier contacts that Local Governments can utilise, and are managed by <i>Local Buy</i>. These arrangements are to be utilised in the same manner as Council Panel Arrangements, except when placing an order, the Contract number must be referenced in the Purchase Order. Contract numbers are available from Councils Procurement Team.
Other Exceptions	<i>Local Government Regulation (QLD) s235</i>	<p>Council may enter into a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if:</p> <ol style="list-style-type: none"> a. Council resolves that it is satisfied that there is only one Supplier/Contractor who is reasonably available; or b. Council resolves that because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous to invite quotes or tenders; or c. A genuine emergency exists; or d. Council purchases goods at an auction; or e. Council purchases second-hand goods; or f. Contract is made with, or under an arrangement with, a government agency. <p>To apply for exceptions under s235 (a) & (b) above, all Council Officers must place a request with the Procurement Team to seek endorsement prior to Council resolution. To utilise the remainder of exceptions under this section (s235 (c-f)), it is recommended that the Procurement Team be advised for support and/or guidance. s235 (c-e) must have Director approval prior to making the purchase.</p>

	<i>Inability to quote</i>	This exception is only available for purchases below \$15,000. If in their best efforts, the Council Officer is unable to obtain quotations, and have satisfied themselves of the Sounds Contracting Principles set out in the Local Government Act (QLD) 104(3), they may request approval from their Executive Manager for an exception, and notify the Procurement Team. This exception must be recorded and approved in the Procurement Exception Form before the purchase is to be made.
		For a proposed medium-sized or large-sized contractual arrangement for services to remove and/or relocate/reinstall third party owned utility assets, the following are requirements: <ul style="list-style-type: none"> a. That the assets are installed in, on, under or over a Council road or local government controlled area or facility under the authority of an Act or with the permission of Council; and b. That the works are required, due to, or as a consequence of, Council's operational activities or requirements and in order to allow Council's operations to proceed; and c. That the contractual arrangement is to be entered with the third party utility assets' owner.

5. EVALUATION OF OFFERS & TENDERS

All evaluations must be undertaken using a consistent methodology taking into consideration the principles outlined in Section 2.1 of this policy where appropriate. Tenders are to be evaluated according to the approved in the procurement plan. Council Officers must:

- a. Ensure evaluation criteria are displayed in the tender documents that are released to the public to allow a transparent and equitable approach to the market; and
- b. Ensure the evaluation criteria does not change once the public tender has been advertised, unless the market is notified appropriately.

Awarding of Tenders:

- a. Tenders between \$200,000 and \$500,000 can be awarded by the Director responsible for that tender; or
- b. Tenders between \$500,000 and \$1 million can be awarded by the ELT or the CEO; or
- c. Tenders over \$1 million are to be awarded by Council*; or
- d. Tenders for the development of *Panel Arrangements* can be awarded by the ELT.

**Exception - Tenders that are deemed urgent by the CEO may to be directed to the CEO for awarding.*

Awarding of Quotations: Quotations can be awarded by the Council Officer with the appropriate financial delegation. This includes Quotations which were sought through an exception detailed in section 5 of this policy which may exceed the thresholds outlined in the awarding of tenders section above.

5.1. Publishing requirements

In accordance with the *Local Government Regulation 2012 (QLD) s237*.

6. LOCAL PREFERENCE

Driving value for money is the primary principle of this policy. All Procurement activities must achieve the best return and performance for the money being spent, practising good governance utilising public money; however, price is not the sole indicator of value. A major contributor to value for Council is the benefits to the economy gained by utilising local businesses.

Council encourages the development of competitive local business within the Fraser Coast Region. To support this, Council mandates a minimum of 15% weighting for *Local Benefit* in all Tender Evaluations. The specific percentage is to be determined for each tender according to the complexity, category, project type and/or discretion of the department responsible for that tender. All tenderers will be requested to demonstrate local benefits to the Fraser Coast region. *Local Benefit* is defined in accordance with Table 4 below:

Table 4. Local Benefit Rating

Score (out of 5)	Local Supplier/Contractor ¹	Score (out of 5)	Local Content ²
5	Sole Office or Head Office within Fraser Coast	5	85-100% of content is sourced ⁴ from within the Fraser Coast
4	Branch Office within the Fraser Coast.	4	60-84% of content is sourced ⁴ from within the Fraser Coast
3	Local Subcontractor(s) or employees conducting the majority ³ of works	3	45-59 % of content is sourced ⁴ from within the Fraser Coast
2	Adjacent Local Government businesses (Gympie, Bundaberg & Burnett).	2	40-44% of content is sourced ⁴ from within the Fraser Coast
1	All other QLD locations	1	1-39% of content is sourced ⁴ from within the Fraser Coast
0	All Other	0	0% of content is sourced ⁴ from within the Fraser Coast

¹ *Local Supplier/Contractor is defined as all physical workforce requirements (e.g. people, labour hire)*

² *Local Content is defined as all non-workforce requirements (e.g. equipment hire, materials, fuels, enabling services, etc.)*

³ *Majority is defined as more than 2/3 of the works*

⁴ *"Sourced" is defined as "purchased from," as opposed to the products origin or original point of manufacture.*

The Local Benefit score is to be established through the use of the Tenderers *Demonstrated Local Benefit Statement*. When evaluating *Local Benefit*, the *Demonstrated Local Benefit Statement* it is to be used to determine whether the tenderer is, or is contributing towards:

- a) The use of local materials, and/or assembly and fabrication in the region;
- b) Not locally based, but utilising local goods, materials or services;
- c) The use of local transport carriers, holding yards or distribution warehouses;
- d) The use of local Supplier/Contractors, sub-contractors/supplier and/or labour hire; and
- e) The level of local employment, apprenticeships, or other community or local business 'multiplier' benefit or effect on the region.

The use of Table 4 will depend on the type of tender that is being evaluated. In some instances, both the "Content" and "Supplier/Contractor" categories will be applied, and an average of the two scores is to be used in the evaluation. If there is an anticipated absence of local Supplier/Contractors or content for a tender, Executive Leadership Team approval is required for removal of the Local Benefit weighting from the evaluation criteria.

7.1 Local Price Advantage (under \$200,000 only)

For all purchases with an expected worth less than \$200,000, if the best pricing is not from a Fraser Coast business but the Fraser Coast business's price is within 5% of the price from a business outside the Fraser Coast region, then the Fraser Coast business must be selected. The Local Price Advantage is only to be applied if a like-for-like comparison is available, and where all other criteria evaluated are the same between the Fraser Coast business and the business outside the Fraser Coast region.

7. WORK HEALTH AND SAFETY ACT

All aspects of the *Work Health and Safety Act and Regulations (Qld)* and all other legislation in respect to work health and safety and amendments, must be adhered to in relation to Council purchases. Supplier/Contractors and their employees must comply with the *Work Health and Safety Act and Regulations (Qld)* and all other legislation when working for, or supplying Council.

8. CONFLICTS OF INTEREST AND ACCEPTANCE OF GIFTS

All Council employees, when purchasing goods and services will act impartially, advance the interests of the Council and maintain a high level of professionalism, confidentiality and accountability. All Council employees must comply with the Council's Code of Conduct, Conflicts of Interest and Acceptance of Gifts Policy and disclose interest provisions when purchasing goods and services.

If Council Officers realise a Conflict of Interest may or has occurred, their first action is to notify their supervisor. Supervisors are to contact the Governance Team for further advice.

9. DEFINITIONS

Term	Definition
Local Buy	A company owned by the Local Government Association of Queensland (LGAQ), established to provide procurement services and solutions to Queensland councils.
Electronic Tenderbox Website	An electronic (web based) tendering facility used for all Tender advertisements and Tender responses by Supplier/Contractor.
Panel Arrangements	Under the Local Government Regulation 2012, Chapter 6, Division 3, s231-234, Council can establish a number of arrangements. There are a number of variants available, but the term Panel Arrangement refers to them collectively.
Purchasing Limits	All purchasing limits exclude GST
Quality Assurance	Quality Assurance is a method whereby a purchaser is assured that the item purchased will be of consistent quality over time. It is preferred that Suppliers/Contractors have in place a quality system which complies with all relevant standards that apply to the particular goods or services to be supplied. Quality assured Supplier/Contractors are issued with a certificate and are audited regularly by Queensland Government departments. This certificate shall be readily available for inspection and/or displayed in a prominent position in the Supplier/Contractors business premises.
Similar type	means a similar good, service or works.
Tender	means a tender lodged in response to the Request for Tender.
Tenderer	means any person/business lodging a Tender.
Value for money	The concept of value for money is not restricted to price alone. The value for money assessment must also include consideration of: i. Availability. ii. Whole-of-life cost factors including transaction costs associated with acquisition, reliability, maintenance and disposal. iii. Non-cost factors including fitness for purpose, clean energy strategies, quality, service and support. iv. Sustainability factors v. Advantage of buying local

Version Control

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