



# **Blackall-Tambo** **Regional Council**

## **Procurement and Disposals Policy**

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BTRC Procurement and Disposal Policy

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## **1.0 Purpose and Scope**

This document sets out Council's policy for procurement activities in the organisation. Under section 198 of the Local Government Regulation 2012, Council must prepare and adopt a policy about procurement. The policy must include details of the principles, including the sound contracting principles that Council will apply in the financial year for purchasing goods and services. The policy must be reviewed annually.

The policy applies to all Council operations for the procurement of all goods, equipment and services, construction contracts and service contracts (including maintenance) to Council as defined in the Local Government Act 2009 and the Local Government Regulation 2012.

## **2.0 Policy Statement**

All procurement activity must be carried out to ensure that sound contracting principles of the Local Government Act 2009 are considered in achieving:

- Value for money
- Open and effective competition
- Development of competitive local business and industry
- Environmental protection
- Ethical behaviour and fair dealing

## **3.0 Value for Money**

The concept of value for money is not restricted to price alone. Value for money factors need to be specifically included in evaluation criteria and may include:

- Contribution to the advancement of Council's priorities
- Fitness for purpose, quality, services and support
- Compliance with workplace, health and safety requirements
- Internal administration costs
- Technical compliance issues
- Risk exposure



**4.0 Open and effective competition**

Procurement 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.

**5.0 Development of Competitive Local Business and Industry**

Council recognises the significant impact that its operations play in the local economy however also is mindful of its requirements to provide value for money outcomes through its procurement policy.

**6.0 Ethical Behaviour and Fair Treatment**

In this policy a local supplier is defined in Appendix D

All procurement related activities are to be conducted honestly and in a manner that is fair to all parties.

Identifying, declaring and seeking advice into any perceived and/or actual situations that may give rise to a conflict of interest by any Officer involved in the end-to-end procurement process and ensuring perceived conflicts of interest are documented and recorded.

Ensuring that all procurements activities are undertaken in accordance with legal, statutory and internal budgetary obligations.

Procurement officers should ensure that, where there is more than one local business providing goods or services on similar terms, that they are not unreasonably favouring one business over another business in their procurement activities. Providing ongoing procurement and contract training for all relevant staff prior to them exercising either a procurement and/or financial delegation that commits Council to a contract for the provision of goods and services.

Officers must not undertake order splitting to avoid the requirements of this policy.

Procurement of goods and services will be undertaken as follows:

- Tenders – procurement from a supplier over the value of \$200,000 (excluding GST) in a financial year must be conducted by an open tender process. Tender processes are outlined in Appendix A.
- Quotes –Quote requirements for the purchase of goods and services are outlined in Appendix B.
- Emergent Works – when services are required at short notice (in less than 7 days from the calling of quotes), with the authorisation of the senior management, an officer may obtain quotes for a suitably qualified supplier without using Vendor Panel.
- Genuine Emergencies – an officer may procure goods or service without obtaining quotes when a genuine emergency exists. A genuine



emergency includes actual or potential flood damage, storm damage, bushfire, accident etc and where action must be taken to protect public assets by immediate action. The procurement must be authorised by senior management.

### **7.0 Preference for local suppliers as defined in Appendix D**

Council may accept a tender, quote or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from a non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers.

### **8.0 Exemption from Requirement to Tender or Quote**

In accordance with Sections 229-235 of the *Local Government Regulation 2012* Council can enter a contract to a value above \$200,000 without a tender or a contract above \$15,000 and less than \$200,000 without seeking quotations if:

- (a) Council resolves that it is satisfied that there is only one supplier reasonably available; or
- (b) Council resolves that the services being sought are of such a specialised or confidential nature that it would be impractical or disadvantageous to seek quotations or tenders; or
- (c) A genuine emergency exists; or
- (d) The contract is for purchase of goods and is made by auction; or
- (e) The contract is for the purchase of second hand goods; or
- (f) The contract is made with a person on an approved contractor list; or
- (g) The contract is made with a supplier from a register of prequalified suppliers; or
- (h) The contract is made with a supplier from a register of preferred supplier; or
- (i) The contract is made under a LGA Arrangement i.e. Local Buy; or
- (j) The contract is made under an arrangement with a government body.

### **9.0 Evaluation of Offers**

At least two officers of the Council shall be involved in the evaluation, awarding and administration of all procurement transactions.

Officers must keep appropriate records to satisfy audit requirements and to establish that the principles and procedures contained in this Policy have been complied with.



When evaluating offers, Council officers shall have regard to the sound contracting principles as outlined in Appendix C including support for local business and industry as outlined in Appendix D.

Officers must accept the tender or quote most advantageous to Council. The officer may decide not to accept any tender or quote.

All contractors and suppliers of goods or services shall ensure that the work undertaken for goods supplied comply with Council's Occupational Health and Safety requirements.

### **Weightings**

When evaluating the offers received, weightings are used as a means of determining the offer most beneficial to Council. Weightings must be applied consistently in the evaluation process and documented for audit purposes.

In accordance with Section 104 of the Local Government Act 2009 Council will accept the offer most advantageous to it. In deciding which offer is most advantageous Council will have regard for the sound contracting principles. All offers will be evaluated on appropriate selection criteria. Typical selection criteria may include, but are not limited to compliance with specifications, price, suitability of guarantee of goods and services quality, quality assurance status and past performance, experience, knowledge and ability to perform.

### **9.1 Publishing details of contracts entered that exceed \$200,000 (Ex. GST)**

Council will display contracts over \$200,000 (excluding GST) in accordance with Section 237 of the Regulation on Council's website and also on noticeboards at each of its Customer Contact Centres at Blackall and Tambo.

## **10.0 Specific Procurement Categories**

### **Building Services**

Council will maintain a Pre-Qualified Supplier Register for building services (plumbing, carpentry, electrical, fencing etc).

Suppliers will be placed on the Register after conducting a full tender process. Tenders for the Pre-Qualified Supplier Register will be called every 12 months with suppliers remaining on the Register for 24 months.

Council may procure building services from any supplier on the local pre-qualified supplier register.

Suppliers must provide an hourly rate for the provision of services which may be updated after 12 months on the register.



**Fuel**

Council will utilise the Local Buy Pre-Qualified Supplier for fuel.

**Plant Purchases**

Suppliers of plant valued at more than \$15,000 (excluding GST) must provide after sales service as requested by the procurement officer in the quote documentation.

**Plant and Equipment Parts and Servicing**

The procurement of parts and servicing for plant and equipment owned by Council may be made with the authorised agent, or another supplier providing genuine parts for that plant and equipment, without obtaining more than one quote.

**Plant Hire**

Council will maintain an Approved Contractor Register for plant hire. Suppliers will be placed on the Register after conduction a full tender process.

Tender for the Approved Contractor Register for plant hire will be called every 12 months with suppliers remaining on the Register for 24 months.

Weightings for Plant Hire are as follows:

Assessment Factor	Score
Conformance	Yes/No
Availability	Yes/No
Machine Size	Yes/No
Adjusted Price	15
Operator Experience	2
Documented Work History	3
Incumbent (only to be used if other scores are equal)	1

- Conformance = the quotation form is completed in full and meets all requirements.
- Availability = the contractor is able to start when required and is available for the full period of job.



- Machine Size = the machine is comparable to the size requested and is suitable to perform the job.
- Adjusted Price = quoted price adjusted for the local business weighting and carrying capacity (where applicable).
- Operator Experience = assessment of the operator’s proven work experience and local knowledge of soils, terrain and conditions.
- Documented Work History = assessment of the operator and owner’s work history including environmental issues, reliability, condition of machines. Evidence of unsatisfactory work history must be documented.
- Incumbent = currently working for Council on that particular job.

### **Community Care Services**

Council officers will comply with the Policy for the procurement of goods and services for community care services except where a client exercises their right to choose their supplier of goods and services.

### **11.0 Variations**

Any variation to a quotation or tender requires approval by the Authorised Officer and CEO.

Purchase orders for variations – see Appendix B.

### **12.0 Disposal of Valuable Non-Current Assets**

In accordance with Section 227 of the *Local Government Regulation 2012* Council will dispose valuable non-current assets by auction or inviting tenders.

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 following limits;
  - for plant or equipment—\$5,000;
  - for another type of non-current asset—\$10,000

### **13.0 Exemption from Disposal by Auction or Tender**

In accordance with *Local Government Regulation 2012* goods with an apparent value of less than the above thresholds do not have to be auctioned or tendered and can be disposed of at the discretion of the CEO. In exercising this discretion the CEO will have consideration to the following principles:-

- (a) Open and effective competition;



- (b) The best return for Council;
- (c) Environmental protection; and
- (d) Ethical behaviour and fair dealing.

#### **14.0 Exemption to Disposal by Auction or Tender**

In accordance with Section 236 of the *Local Government Regulation 2012* Council may dispose of non-current assets other than by tender or auction if:

- (a) The disposal is to a government body; or
- (b) The disposal is to a community organisation that is a non-profit entity or exists for a public purpose; or
- (c) The non-current asset has been offered for sale by tender or auction but was not sold; and
- (d) Is sold for more than the highest tender or auction bid that was received; or
- (e) For non-current assets other than land, the disposal is by way of a trade-in for the supply of goods or services to Council.
- (f) The Minister exempts Council from complying with section 236 of the *Local Government Regulation 2012*.





**APPENDIX A**  
**Tenders**

Tenders must be invited before making a contract for the carrying out of work or for the supply of goods or services involving a cost of more than \$200,000 (excluding GST).

An exception for the requirement to tender may be applied as outlined in Appendix B, only with the written approval of the Chief Executive Officer.

Tenders may be invited for contracts of less than \$200,000 (ex GST).

The invitation to tender must be placed in an advertisement in a newspaper circulating generally in the Blackall-Tambo Regional Council area and must allow at least 21 days from the day of the advertisement to the close of submission of tenders.

Tenders may be lodged by facsimile, email, post or through Vendor Panel.

Tender specification must set out the minimum performance requirements, dimensions and purpose for which the goods/service are required.

- (a) **Functional Specifications:** functional specifications should outline the proposed role of the product in achieving the desired result. The specifications will define the task or desired result and may describe the general form of the goods and services required.
- (b) **Performance Specifications:** performance specifications should detail the required performance characteristics which will be subject to testing on delivery to demonstrate compliance with the specifications. Such specifications may include maximum and minimum performance criteria and methods of measuring performance.
- (c) **Technical Specifications:** technical specifications should detail the physical description of the product including elements such as size, capacity, rating and materials.
- (d) **Material Specifications:** material specifications should state the physical characteristics of material – basic, semi-fabricated or compound. They will be used for describing specific material and may refer to specific commercial or industrial standards.

**Local Employment**

All tender proposals must provide details of the proposed procurement from and/or employment of local Blackall-Tambo Regional Council residents, businesses and contractors for the tender project.

**Tender Security**

Tenders shall close at the time, date and place stated in the tender documents.



Tender documents received after the advertised closing date and time shall be deemed invalid.

**Tender Opening**

The opening of tenders shall be carried out by two nominated Blackall-Tambo Regional Council representatives.

**Changes to Tenders**

If Council changes a tender specification or requirement, Council must invite all the persons who have submitted a tender to change their tender to take account of the change in the tender specifications or requirements.

**Tender Assessment**

Tenders shall be assessed using an assessment matrix developed for that particular tender. The matrix must include the local business weighting as outlined in Appendix D.

Tenders over \$200,000 must be presented to Council for formal approval.



**APPENDIX B**  
**Quoting Procedures**

All purchases must comply with the five sound contracting principles.

- (a) Up to \$100: purchases up to \$100 may be made out of Petty Cash or an estimated order up to a pre-determined amount not exceeding \$100.
- (b) Purchase Orders – Up to \$999  
A purchase order shall be signed and issued after obtaining a minimum of one verbal or written quote and noted on the quote record form.  
If more than one local business is able to supply the goods or services, the officer should ensure that Council is providing the opportunity to quote to all local businesses.  
If there is no local business that can supply the goods or services – A purchase order may only be signed and issued after obtaining a minimum of one written quote.
- (c) Purchase Orders – From \$1,000 Up to \$14,999  
A purchase order may only be signed and issued after:
  - i. seeking two written quotes and assessing those quotes in accordance with this Policy.
  - ii. Variations greater than 5% of the quoted amount will require an additional purchase order.
- (d) Purchase Orders – From \$15,000 Up to \$199,999  
A purchase order may only be signed and issued after:
  - i. seeking quotes using Vendor Panel and recording the quotes on a Quote Record Form and assessing those quotes in accordance with this Policy; or
  - ii. seeking three written quotes which complies with one of the exceptions at (f) below.
  - iii. Variations greater than 2.5% of the quoted amount will require an additional purchase order.
- (e) Purchase Orders - \$200,000 (ex GST) or greater:
  - i. Tenders must be invited for contracts estimated to cost more than \$200,000 (ex GST).
  - ii. Council may enter into a contract without calling tenders by obtaining a minimum of one written quote which complies one of the exceptions at (f) below.
  - iii. Contract over \$200,000 (ex GST) must be approved by Council even if an exception is used.
  - iv. Any variation exceeding the tender amount will require an additional purchase order.

(f) Exceptions:



A purchase order may be raised after complying with one of the following exceptions:

- i. accessing a supplier from Council's Register of Approved Contractors; or
- ii. accessing a supplier from Council's Register of Pre-qualified Suppliers; or
- iii. accessing a supplier from Council's Register of Preferred Suppliers; or
- iv. accessing a LOCALBUY arrangement; or
- v. there is only 1 supplier who is reasonably available; or
- vi. where 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
- vii. a genuine emergency exists; or
- viii. goods or services for emergent works with a value of less than \$15,000; or
- ix. the purchase of goods at an auction; or
- x. the purchase of second-hand goods; or
- xi. the contract is made with a government body or government arrangement.

The reason for applying an exception must be recorded on the Quote Record Exception Form and must be authorised by senior management.



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**APPENDIX C**  
**Sound Contracting Principles**

All Council procurement transactions shall have regard to the five sound contracting principles:

**(a) Open and Effective Competition**

Council will

- i. ensure all suppliers wishing to conduct business with Council have a reasonable opportunity to do so
- ii. maximise the prospect of obtaining the most cost-effective outcomes
- iii. ensure there is no favouritism to particular suppliers
- iv. ensure contracts are awarded on the basis of merit and
- v. ensure Council's procurement procedures are visible to the Council, the public and suppliers.

**(b) Value for Money**

Council believes value for money

- i. represents the best return and performance from the money spent over the extended life of the product or service
- ii. does not always mean the lowest price
- iii. can be achieved by the use of open specifications that provide the alternative offers and also enhance the prospect of receiving value for money and
- iv. will be enhanced through quality assurance systems.

**(c) The development of competitive Local Business and Industry**

Council will:

- i. enhance the opportunity for local suppliers of goods and services to be considered for Council business; and
- ii. encourage and give local suppliers every opportunity to compete for Council business.

**(d) Environmental Protection**

Council will encourage environmentally sustainable development by promoting purchasing practices which

- i. conserve resources
- ii save energy
- iii minimise waste
- iv protect human health
- v maintain and improve environmental quality and safety and
- vi promote the use of recycled materials.



**(e) Ethical Behaviour and Fair Dealing**

Council will implement practices that

- i. operate with impartiality and openness
- ii have a high degree of integrity
- iii advance the interest of the Council and
- iv avoid suppliers who seek favours and operate outside of competition and the policies encompassed in this document.



**APPENDIX D**

**Development of Competitive Local Business and Industry**

The Council shall support local business and industry by procuring goods and services locally within the Blackall-Tambo Regional Council area where possible and when in accordance with this Policy. This will be achieved by:

- (a) Actively seeking out known local suppliers and supplies
- (b) Ensuring quotes include freight to point of delivery in the total cost
- (c) Ensuring that purchases and projects are not structured to exclude local suppliers
- (d) Avoiding non-standard specifications which local suppliers cannot meet
- (e) Improving the local community's understanding of the Council's procurement policy
- (f) Designating businesses into categories (as described below) and applying the following weightings to quotes and tenders from local businesses:

Value of Goods or Services ex. GST	Category 0	Category 1	Category 2
\$0 - \$49,999	0%	10%	7.5%
\$50,000 - \$199,999	0%	5%	4%
\$200,000 - \$999,999	0%	2.5%	1.5%
\$1,000,000 or greater	0%	0%	0%

(When assessing price, the local business price is to be reduced by the applicable percentage prior to the allocation of an adjusted price score in the assessment matrix.)

**Local Business Categorisation**

A register of categorised local businesses will be compiled and maintained by the Chief Executive Officer.

A **Category 0** Business is a business which is not defined by the two categories below.

A **Category 1** Business is a business which complies with all of the following:

1. The business owners are ratepayers and reside within the Blackall-Tambo Regional Council area.
2. The business owns or leases a business premises or depot within the Blackall-Tambo Regional Council area.
3. The business employs or subcontracts people residing in the Blackall-Tambo Regional Council area (the owners are treated as employees for the purpose of this clause)

A **Category 2** Business is a business which complies with all of the following:

1. The business owns or leases a business premises or depot located with in the Blackall-Tambo Regional Council area and



2. The business employs or subcontracts people residing in the Blackall-Tambo Regional Council area (the owners are treated as employees for the purpose of this clause).