



Gladstone Regional Council

Council Policy

| | |
|--------------------------|---|
| Title | PROCUREMENT POLICY |
| Policy Number | P-2019-16 |
| Business Unit/s | FINANCE GOVERNANCE & RISK OPERATIONS |
| Date of Adoption | |
| Resolution Number | |
| Review Date | |
| Date Repealed | |

1.0 PURPOSE:

The purpose of this policy is to demonstrate Gladstone Regional Council's approach to the contracting of carrying out of work, procurement of goods and services and the disposal of assets (including non-current assets) with a focus on encouraging local business procurement.

2.0 SCOPE:

This policy applies to all procurement activities conducted by Gladstone Regional Council irrespective of funding source and acquisition process except for the below transactions:

- Refunds for overpayments;
- Return of Trust Fund Monies;
- Payments associated with Statutory Obligations;
- Payments to Government Organisations;
- Payments to employees under employment contracts;
- Collector of Public Monies – Centrelink.

3.0 RELATED LEGISLATION:

- *Local Government Act 2009*
- *Local Government Regulation 2012*

4.0 RELATED DOCUMENTS:

- Procurement Corporate Standard
- Contract Management Corporate Standard
- Register of Financial Delegations
- Asset Disposal Policy
- Non - Current Asset Threshold Policy
- Entertainment and Hospitality Expenditure Policy
- Learning and Development Policy
- Elected Members Expenses Reimbursement & Provision of Facilities Policy

- Code of Conduct Policy
- Councillor Code of Conduct Policy

5.0 DEFINITIONS:

To assist in interpretation of this policy the following definitions apply:

“Carrying out of Works” means activities relating to the construction or upgrades of assets.

“Contractor” means a person or organisation external from Council, with whom Council has entered into a contract for the provision of goods, services or the carrying out of works.

“Financial Delegation” means a formal delegation allowing an employee to authorise or approve the expenditure or reimbursement of money within an approved budget and delegation limit.

“Goods” means an inherently useful and tangible item (article, commodity, material, merchandise).

“Gladstone Region” means the Gladstone Regional Council local government area.

“High Risk Work” means construction work as defined by the Work Health and Safety Regulation 2011 section 291, irrespective of value.

“Local Supplier” means a business or industry that operates predominantly in the Gladstone region OR a business that has a significant presence in the Gladstone region (i.e. a workshop or branch office and permanent employees resident in the Gladstone region) and the majority of the work to be entered into through a contractual arrangement with Council will be undertaken by employees resident in the Gladstone region.

“Procurement” means the entering into of a contract to purchase, hire, lease, rent, or exchange by way of any transaction involving the outlay by Council of funds, for carrying out of works, goods or services in return for the provision of goods, services or completion of works to Council by another person, company or other entity;

“Services” means intangible products including but not limited to consultancy, cleaning, maintenance, plant hire, professional services, repairs, traffic control, training and waste collection.

“Sound Contracting Principles” - means the sound contracting principles set out in section 104(3) of the *Local Government Act 2009*;

6.0 PRINCIPLES:

This policy aims to achieve the Sound Contracting Principles outlined in the *Local Government Act 2009* by:

- a) Assisting Council to achieve its goals and objectives outlined in the corporate and operational plans;
- b) Demonstrating that procurement decisions are environmentally, socially and economically responsible;
- c) Supporting the economic development of local suppliers and the Gladstone Region;

- d) Ensuring fairness, integrity, transparency and competition;
- e) Ensuring the organisation is fulfilling and striving for excellence in its safety obligations to employees, volunteers, contractors and the community by establishing, managing and closing out contracts appropriately;
- f) Considering emerging technologies and innovation as part of the procurement process; and
- g) Demonstrating efficient use of resources by ensuring best value for money is gained from procurement activities.

7.0 POLICY STATEMENT:

When carrying out procurement activities, Council will:

- a) act ethically and in full compliance with applicable laws, delegations and other related Council policies;
- b) exercise responsible financial management, including the identification and management of risks associated with procurement;
- c) assess value over the whole of the operational life of acquired, constructed or upgraded assets, goods or services;
- d) be focused on achieving Council's safety, financial, social, local economic and environmental objectives;
- e) establish procedures that ensure fair, open and effective competition that deliver value for money and are efficient to use;
- f) develop and maintain relationships with suppliers, consultants and contractors in a manner that is ethical, efficient, effective, fair and transparent;
- g) support the establishment of a diverse supply chain with particular focus on entities that deliver or have the potential to deliver social, economic and environmental benefit to the Gladstone region;
- h) support locally based suppliers, consultants and contractors where possible;
- i) establish contract management process for suppliers, consultants and contractors and monitor their performance over time;
- j) establish a safety control 'gate' within the procurement process whereby any submission for high risk work failing to meet current safety requirements will be automatically excluded;
- k) establish a consistent, fair and transparent process for the evaluation of offers.
- l) Establish and comply with Council's records management obligations.

The disposal of Non-Current Assets will occur in accordance with Council's Asset Disposal Policy.

7.1 Local Preference

Council will encourage the development of competitive local suppliers through:

- a) providing a local preference weighting of 10% to be assessed in the evaluation process of offers allocated as follows:
 - i) 5% on the basis of the supplier's geographic location; and

- ii) 5% on the basis of the supplier's submitted Local Procurement Plan, demonstrating how they will commit to spending and sub-contracting within the Gladstone Region;
- b) the placement of orders, where the local supplier is competitive under Council's evaluation process;
- c) actively seeking out local suppliers when seeking offers;
- d) ensuring that the below are given due consideration in the evaluation process:
 - o more readily available spare parts and servicing support;
 - o more reliable compliance with warranty provisions;
 - o shorter supply lines; and
 - o more convenient communications for contract administration;
- e) encouraging contractors to give local suppliers every opportunity, as partners or subcontractors, to participate in carrying out works.

8.0 ATTACHMENTS:

Nil

9.0 REVIEW MECHANISM:

This policy will be reviewed when any of the following occur:

1. The related legislation or governing documents are amended or replaced; or
2. Other circumstances as determined by resolution of Council or the CEO; or
3. One year from the date of adoption.

| TABLE OF AMENDMENTS | | | |
|----------------------------|-------------|--|--|
| Document History | Date | Council Resolution No. | Notes (including the prior Policy No, precise of change/s, etc) |
| Originally Adopted | 11/11/2008 | 08/725 | |
| Amendment 1 | 16/11/2010 | 10/367 | |
| Amendment 2 | 05/03/2013 | G/13/1451 | |
| Amendment 3 | 17/03/2015 | G/15/2346 | |
| Amendment 4 | 21/06/2016 | G/16/2814 (FCGC/16/0021 - 13/6/2016) | |
| Amendment 5 | 04/07/2017 | G/17/3102 | |
| Amendment 6 | 17/07/2018 | G/18/3474 | Full revision and re-write of policy to combine procurement policy with local preference policy. |
| Amendment 7 | | | Minor wording amendments |

.....
LEISA DOWLING
CHIEF EXECUTIVE OFFICER