

PURCHASING POLICY – ACQUISITION OF GOODS AND SERVICES

STATUTORY POLICY



1 Scope

This policy applies to Rockhampton Regional Council employees and encompasses all procurement activities throughout all of Council's operations.

2 Purpose

The purpose of this policy is to outline Council's approach to developing and maintaining procurement practices for the acquisition of goods and services which optimise value for money and promote effective supplier relationships.

3 Related Documents

3.1 Primary

Local Government Regulation 2012

3.2 Secondary

Local Government Act 2009

Public Sector Ethics Act 1994

Asset Disposal Policy

Code of Conduct

Conflicts of Interest Policy

Corporate Purchase Card Procedure

Evaluating Quotes, Tenders and Expressions of Interest Procedure

Financial Delegations Policy

Fraud and Corruption Control Policy

Information and Communication Technology – Acquisition and Purchase of Assets, Systems and Services Procedure

Inviting Quotes, Tenders and Expressions of Interest Procedure

Local Preference Policy

Materials Management Policy

Payment of Utility Expenses Procedure

Plant Hire Engagement Procedure

Pre-Qualification of Suppliers Procedure

Privacy Policy

Purchasing Compliance Management Procedure

Selecting the Procurement Method Procedure

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4 Definitions

To assist in interpretation, the following definitions apply:

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| Circular Economy | In contrast to a linear economy that has little regard for alternatives to disposal/waste at a product's end of life, circular economy principles consider opportunities to retain and circulate resources in the economy at their highest value for as long as possible. |
| Council | Rockhampton Regional Council |
| Employees | Local government employee: a) The Chief Executive Officer; or b) A person holding an appointment under section 196 of the <i>Local Government Act 2009</i> . |
| Preferred Supplier Arrangement | A form of standing offer arrangement where a supplier has provided a standing quotation for the goods or services. |
| Pre-Qualified Supplier | As defined in the <i>Local Government Regulation 2012</i> , a supplier who has been assessed by Council as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements. |
| Purchase Order | The official document, normally generated by Technology One R1, Council's corporate enterprise system, used to authorise and record the purchase of goods or services by Council. It will often be the prime reference confirming the contractual situation between Council and the supplier. |
| RPQS | Register of Pre-Qualified Suppliers. |
| Standing Offer Arrangement | An agreement subject to specified terms and conditions whereby the purchaser agrees to purchase their requirements of a range of goods or services, during a specified time period from the supplier at agreed prices or on an agreed price basis. Normally no obligation to purchase a specified quantity exists although estimates for the guidance of the supplier may be given. |
| Supplier | A person, organisation or entity that performs a specific act or acts including the provision of services and/or materials to another person, organisation or entity under an agreement enforceable by law. |
| Sustainable Procurement | A process where organisations meet their needs for goods, services and capital projects, in a way that achieves value for money over the whole of life cost basis in terms of generating benefits not only to the organisation, but also to society, the economy and the natural environment. |
| The Act | <i>Local Government Act 2009</i> |
| The Regulation | <i>Local Government Regulation 2012</i> |
| Whole of Life Cost | Total cost of a good or service over its entire lifecycle. This may include acquisition costs (associated with the initial procurement), operating costs, maintenance costs, cleaning costs, refurbishment costs, support costs and disposal costs. |

5 Policy Statement

Section 198 of the Regulation stipulates that Council must prepare and adopt a procurement policy detailing the principles, including the sound contracting principles, that Council applies to its procurement activities, including the disposal of assets. Council has adopted the default contracting procedures as outlined in the Regulation.

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As defined by section 104 of the Act, the sound contracting principles include:

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

5.1 Sound Contracting Principles

Council officers must have regard to the following sound contracting principles in all procurement activities.

5.1.1 Value for Money

In undertaking any Council procurement activity, the objective is to obtain goods and services of the most suitable quality at the lowest whole of life cost which is consistent with the fitness for purpose of the requirements being procured and at an acceptable level of risk. This does not necessarily mean selecting the lowest priced goods or services. Value for money considerations include:

- (a) Whole-of-life costs including acquisition, use, maintenance and disposal;
- (b) Fitness for purpose, quality, service and support;
- (c) Risk exposure, the terms and conditions governing the acquisition should allocate the risks to the party best able to manage them;
- (d) Internal administration costs;
- (e) Technical compliance costs; and
- (f) Establishment of pre-qualified supplier and preferred supplier arrangements for goods and/or services required on a recurring basis to improve negotiating leverage for Council as a whole.

5.1.2 Open and Effective Competition

Procurement activities must be conducted using an open and competitive process unless a specific exception applies under Chapter 6, Part 3, Divisions 3 and 4 of the Regulation. Open and effective competition is achieved by ensuring:

- (a) Procurement processes are visible and transparent to suppliers and the public;
- (b) Evaluation criteria and weightings are disclosed in procurement processes, and evaluations are undertaken in accordance with Council procedures;
- (c) Requirements are planned well in advance to enable sufficient time to adequately source competitive bids;
- (d) Specifications are as explicit as possible, and focus on performance, function, and/or technical and physical characteristics (as opposed to brand and manufacturer); and
- (e) The market place is continually researched to identify new suppliers/products and enable effective use of competition in seeking offers.

5.1.3 The Development of Competitive Local Business and Industry

Council encourages the development of competitive local businesses and endeavours to promote and support competitive industry while conducting its procurement activities. In addition to price, capability, performance, quality and sustainability, Council also considers the following:

- (a) Creation of employment opportunities within the Region;
- (b) Economic growth for the Region;

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- (c) Readily available goods, services and support; and
- (d) The associated benefits to local commercial transactions that flow from these engagements.

The Local Preference Policy provides further information regarding the benefits of using local suppliers and details the mandatory evaluation criteria which must form part of the evaluation process for all procurement activities.

5.1.4 Environmental Protection

Council seeks to use its' considerable purchasing power to lead by example and positively influence businesses, industries and the community to protect the environment and support environmentally sustainable goods and services. In doing so, Council incorporates sustainable procurement principles in all purchasing decisions and considers a range of environmental factors including:

- (a) Procurement of environmentally responsible products, services, works and assets;
- (b) The whole-of-life benefits, costs and impacts of products and services (throughout their manufacturing, supply, use, maintenance and disposal), ensuring perceived short term value does not override long term costs that run counter to circular economy principles;
- (c) Devising strategies that reduce demand and extend the life of products (this may include examining organisation/project needs and avoiding, re-using or re-purposing if appropriate);
- (d) The environmental performance of prospective contractors and suppliers, as well their use of emission reduction actions relevant to their products and services;
- (e) Encouraging (and if possible mandating) sustainable solutions and innovation in tenders;
- (f) The environmental impact and performance of a product or service, with consideration of energy/water/fuel efficiency, recycled content, recyclable products, low toxicity levels, product origin and relevant certifications heavily weighted; and
- (g) Planning end-of-life product management at project outset and encouraging suppliers to do the same.

5.1.5 Ethical Behaviour and Fair Dealing

All employees involved in procurement activities must behave with impartiality, openness, integrity and professionalism whilst maintaining confidentiality in their dealings with suppliers. In the context of Council procurement activity, behaving ethically is achieved by observing the Code of Conduct and by having regard for the welfare of others. This includes:

- (a) Performing duties with impartiality and integrity in dealings with suppliers;
- (b) Treating information relating to suppliers as "commercial in confidence" and only disclosing such information to other employees or parties on a strict "need to know" basis;
- (c) Ensuring all written bids and other information submitted by suppliers is kept in a secure location when not in use;
- (d) Utilising open and accountable procurement methods;
- (e) Promoting professional procurement practices;
- (f) Maintaining systems and procedures which ensure a consistent approach to procurement;
- (g) Providing advice to suppliers on how to do business with Council;
- (h) Not engaging in any misleading or deceptive conduct towards suppliers;
- (i) Not making improper use of information relating to suppliers or to Council;
- (j) Not taking personal advantage of an opportunity that properly belongs to Council or a supplier;

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- (k) Not accepting or seeking gifts or other favours from suppliers;
- (l) Not entertaining approaches from suppliers that may be interpreted as attempts to influence the procurement process;
- (m) Not participating in any transaction between Council and any supplier in which they have an undisclosed interest;
- (n) A high regard for inclusive and accessible work environments that promote employment opportunities for people of all backgrounds and abilities, including support for First Nations businesses; and
- (o) Ensuring all purchase decisions consider the rights and wellbeing of people and communities involved in both direct business and supply chains.

5.2 Procurement Financial Thresholds

In accordance with the sound contracting principles and the default contracting procedures in the Regulation, the following procurement financial thresholds have been adopted by Council. The below methods apply where the risks associated with the purchase are assessed as low to medium. Where the risk is assessed as high then the next higher level process is used and careful consideration is given to the terms and conditions governing the transaction.

| Estimated Expenditure (excluding GST) | Form Of Procurement | | | Responsibility |
|--|--|---|--|---|
| | General Purchasing | Council Trades, Consultancy and Civil Construction RPQS (s232 of the Regulation) | All other Council RPQS, Local Buy or other Government Arrangements (s232, s234 and s235 of the Regulation) | |
| \$200,000 or more (large sized contract) | Formal tender (s226 and 228 of the Regulation) | Invite 3 or more written quotes from the RPQS or formal tender (determined by Contracts and Tenders team) | Invite 1 or more written quote(s) from the RPQS or arrangement* | Contracts and Tenders team or Logistics Officer |
| \$15,000 or more but less than \$200,000 (medium sized contract) | Invite 3 or more written quotes (s225 of the Regulation) | \$50,000 or more but less than \$200,000: Invite 3 or more written quotes from the RPQS | | |
| | | \$15,000 or more but less than \$50,000: Invite 1 or more written quote(s) from the RPQS | | |
| \$5,000 or more but less than \$15,000 | Invite 2 or more written quotes | Invite 1 or more written quote(s) from the RPQS | Invite 1 or more written quote(s) from the RPQS or arrangement | Council Officer or Logistics Officer |
| \$0 to \$4,999 | Invite 1 verbal quote | Invite 1 verbal quote from the RPQS | Invite 1 verbal quote from the RPQS or arrangement | |

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*Whilst it is not mandatory to invite more than one written quote, it is recommended where possible that officers obtain multiple quotes to ensure value for money in accordance with the sound contracting principles.

5.3 Issue of Council Purchase Order

For all procurement activities (with the exception of goods and/or service procured with a corporate purchase card and utility expenses outlined in the Payment of Utility Expenses Procedure) an authorised purchase order must be provided to suppliers at the time of request for the goods and/or services. The purchase order should clearly specify the requirements and record an accurately estimated or actual price (where applicable). Suppliers must reference the purchase order number on the respective tax invoice to ensure timely payment.

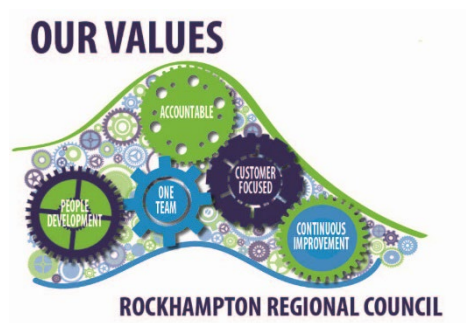
6 Review Timelines:

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

- a) As required by legislation – June 2024;
- b) The related information is amended or replaced;
- c) Audit reports relating to Council purchasing and the acquisition of goods and services being undertaken by Council indicate that a review from a legislative compliance or governance perspective is required; or
- d) Other circumstances as determined from time to time by the Council.

7 Document Management

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| Sponsor | Chief Executive Officer |
| Business Owner | Deputy Chief Executive Officer |
| Policy Owner | Manager Corporate Services and Technology Services |
| Policy Quality Control | Legal and Governance |



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