

Purchasing Policy

(Policy Number – L-FINPOL002)
(Policy Type – Council)

1 Aim

To establish the framework and control measures for the purchase of goods and services by Council.

2 Policy Statement

Through this policy, Council aims to ensure:

- Open and effective competition,
- Value for money,
- Enhancement of the capabilities of local business and industry; ethical behaviour and fair dealing,
- Environmentally sustainable goods and services are considered,
- Recognised accountability standards and risk management considerations are satisfied,
- Consistency and control over procurement activity, and
- Compliance with legislative and common law requirements.

3 Policy Detail

Purpose	Description
Definitions	<p>Authorising Officer refers to a Council officer who is authorised under this Policy to expend monies on behalf of Council.</p> <p>Financial Delegations Thresholds detail the extent to which Council officers are permitted to authorise the procurement of goods and services for Council.</p> <p>Invitation for Quotation refers to an invitation by Council for the submission of quotations for works and services.</p> <p>Manager refers to a person appointed to a management position and includes Team Leaders and Coordinators.</p> <p>Project Officer means an officer of Council assigned responsibility for the project management of a key project initiative which requires the procurement of goods and services based on an approved budget allocation.</p>

Purpose	Description
	<p>Purchases includes the procurement of both goods and services by Council.</p>
<p>Purchasing Principles</p>	
<p>Open and effective competition</p>	<p>Ensuring that the purchasing process is impartial, open and encourages competitive offers.</p> <p>In practice this means that Council will:</p> <ul style="list-style-type: none"> • ensure specifications are clear and unbiased, • provide all potential suppliers with the same information, • treat all suppliers consistently and equitably, and • evaluate each submission fairly.
<p>Value for money</p>	<p>Achieving the required outcome for the best possible price.</p> <p>In practice this means Council will weigh up the benefits of each purchase against the costs of that purchase. In doing so Council may take the following factors into consideration:</p> <ul style="list-style-type: none"> • how well goods or services meet needs, • price, • maintenance and running costs over the lifetime of the product, • the advantages of buying locally, (e.g. shorter delivery times, local backup and servicing and the availability of spare parts), • disposal value of the goods, and • the capacity of the supplier (e.g. technical abilities).
<p>Enhancing the capabilities of local business and industry</p>	<p>Ensuring that local businesses that wish to do business with Council are given the opportunity to do so.</p> <p>In practice this means Council will, where possible:</p> <ul style="list-style-type: none"> • actively seek bids from local business, • ensure local businesses have the same opportunities as all other suppliers to tender for goods and services, and • ensuring sufficient time is provided to allow prospective suppliers to prepare a detailed quote.

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<p>Strengthening local economic capacity through supporting employment and training</p>	<p>Council aims to generate positive social outcomes when acquiring goods, services and works. Council encourages suppliers with whom it does business to support local employment and training opportunities to strengthen local economic capacity. Council supports the Skills Tasmania Building and Construction Training Policy.</p> <p>When considering tenders and contracts over \$1 million Council will include a mandatory scoring criterion weighted at 5% which recognises the strengthening of local economic capacity achieved through employment and training.</p>
<p>Ethical behaviour and fair dealing</p>	<p>Ensuring all purchasing is undertaken in a fair and unbiased way and in the best interests of Council.</p> <p>In practice this means Council will:</p> <ul style="list-style-type: none"> • ensure that decisions are not influenced by self-interest or personal gain, • ensure that Council's name or purchasing power is not used for personal gain, • identify and deal with conflicts of interest, • ensure compliance with Council's Gifts & Benefits Policy, • ensure all 'in confidence' information received is respected and not used for personal gain, or to prejudice fair and open competition, • ensure that all procurement is undertaken in accordance with Council's policies.
<p>Environmental and sustainability considerations</p>	<p>Consideration of the potential environmental impact of the product or services to be purchased and the long-term sustainability impacts of the purchase.</p> <p>In practice this means Council may:</p> <ul style="list-style-type: none"> • undertake an assessment of the life cycle costs of the purchase with a view to minimising the use of energy, fuel and the like inputs, and • consider the source of the materials incorporated in the purchase, (e.g. recycled materials or materials produced using sustainable resources).

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Accountability and risk management considerations	<p>Risks associated with the procurement process and in the actual implementation of the service or use of a product or material are assessed.</p> <p>In practice this means Council will:</p> <ul style="list-style-type: none"> • be accountable for the purchasing practices it uses and the decisions it makes, • ensure contracts will include current, relevant clauses, • hold security deposits or retentions where appropriate, • refer to technical specifications or relevant specialists, • use or reference relevant Australian Standards, • use or reference workplace health and safety and risk management requirements, • include appropriate dispute management and resolution provisions in contracts, and • effectively manage contracts including monitoring and enforcing performance.
Purchasing Thresholds and Related Quotation Procedures	
Purchasing thresholds	<p>There are four purchasing thresholds that require different levels of involvement in planning and executing for the procurement of goods and services. These thresholds (GST exclusive) are as follows:</p> <ul style="list-style-type: none"> • \$15,000 and less • between \$15,000 and \$50,000 • between \$50,000 and \$250,000 • \$250,000 and above <p>The following outlines the details of the thresholds and summarises the procurement practice and procedures that will be utilised based on the total dollar value of the purchase (ex GST).</p> <p>The dollar value of the purchase may be calculated as follows:</p> <ul style="list-style-type: none"> • single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST), or • multiple purchases – the gross value, or the estimated gross

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	<p>value, of the purchases (excluding GST), or</p> <ul style="list-style-type: none"> ongoing purchases over a period – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST) <p>These requirements will be applied to the procurement of all goods and services except in certain identified circumstances. The circumstances in which the following requirements need not be followed are described under the Exemptions and Approved Supplier Arrangements outlined in this Policy.</p>
Purchases \$15,000 and less	No formal quotation requirements apply to purchases below this threshold. Approved financial delegation thresholds must be followed.
Purchases between \$15,001 and \$50,000	<p>At least two written quotations will be obtained (unless it is documented it is impractical to do so) of which at least one must be sought from a local business providing suitable options exist.</p> <p>The bid most advantageous to Council shall be selected.</p> <p>Reasons for acceptance of other than the lowest quote must be documented and authorised by the relevant Manager.</p>
Purchases between \$50,001 and \$250,000	<p>At least three written quotations will be obtained, unless it is documented that this is impractical, of which at least one must be sought from a local business providing suitable options exist.</p> <p>A Request for Quotation (RFQ) and Quotation Record Form must be completed.</p>
Purchases \$250,001 and above	<p>Formal public tenders are to be invited in accordance with Council’s Code for Tenders and Contracts.</p> <p>A Probity Declaration must be completed.</p> <p>Where a contract is for building and construction works over \$1 million the Council may determine to utilise the State Government’s ‘pre-qualification to tender’ methodology.</p>
Inviting, Receiving and Evaluation of Offers	
Request for Quotation (RFQ)	The Request for Quotation (RFQ) is a document inviting offers from businesses to provide specified goods or services. Council maintains standard RFQ documentation, and this should be used when obtaining written quotations for purchases over \$50,000

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	<p>where practical. If the standard documentation is not used the relevant Manager is to ensure the request sent to potential suppliers includes all necessary information.</p> <p>Council's quotation documents will include all terms and conditions of quotation, together with a clear description of the goods and services required and the details on any applicable Council policies.</p> <p>The Project Officer is to seek approval for the specifications included in an RFQ from the relevant Manager prior to finalising the documentation and distribution to third parties.</p> <p>The complexity of the documentation will depend upon the nature and value of the purchase. Generally, the RFQ documentation will consist of:</p> <ul style="list-style-type: none"> • conditions of quotation – the conditions will include the terms under which Council will receive and evaluate quotes, • specification – the specification clearly describes the essential requirements of the goods and services being purchased. The specifications will usually include the functional, performance and technical requirements, • closing date, time and lodgement details, • Council contact details, • pricing requirements (e.g. the price should exclude GST), • relevant Council policies and principles, • evaluation criteria for open request for quotations, • entitlement of unsuccessful bidders to be notified, and • information on Council's complaints process. <p>Where a large range of suppliers exists (e.g. for building work), a list of the invited parties is to be prepared and provided to the relevant Manager to approve.</p>
Receiving offers	<p>In receiving quotations, Council will hold any written or documented verbal quotation received prior to the closing time in a secure location to maintain confidentiality, to ensure probity and to protect individuals involved from claims of unfair practices.</p>

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	<p>Where a formal RFQ process is undertaken, quotations that Council receives will be recorded in an appropriate schedule or register within the records management system.</p> <p>For written quotations, if accepting a late quotation, the Project Officer will ensure that the late bidder is not advantaged over other bidders.</p> <p>Council employees with a conflict of interest in relation to a potential supplier must declare the interest to the relevant Manager and will if deemed appropriate be removed from the process.</p>
Evaluation	<p>When evaluating verbal and written quotations, Council will do so with the objective of identifying the offer that best meets requirements and provides the best value for money. When evaluating quotations Council will take into consideration the specified evaluation criteria where relevant and the following aspects of a bid:</p> <ul style="list-style-type: none"> • value for money, estimated life, disposal value and maintenance requirements and costs (whole of life costs). Consideration should include environmental and sustainability considerations, • compliance with quotation specifications, • quality, delivery and service, • the benefits of sourcing the goods and services locally, • the consequences, including possible risks, of entering into a contract where there is one supplier, or a limited number of suppliers, that can provide and maintain the particular product over its lifetime, and • any relevant Council policies. <p>Acceptance of other than the lowest quote is to be authorised by the relevant Manager up to their approved financial delegations limit and may include consideration of past performance of the suppliers against above criteria.</p>
Exemptions	
Exemptions	The <i>Local Government Act 1993</i> provides for exemptions to the public tender process and these circumstances are outlined in the

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	<p data-bbox="464 271 1426 432"><i>Local Government (General) Regulations, 2015</i>. These provisions form the basis of exemption categories to be applied to this purchasing policy for procurements under \$250,000 (GST exclusive).</p> <p data-bbox="464 456 1426 573">The General Manager may determine not to use a quotation process outlined in this policy where the goods and services sought relate to:</p> <ul style="list-style-type: none"> <li data-bbox="464 600 1426 716">• an emergency if, in the opinion of the General Manager, there is insufficient time to obtain quotes for the goods or services required in that emergency, <li data-bbox="464 743 1426 819">• a contract for goods or services obtained through, or supplied or provided by an agency of a State or of the Commonwealth, <li data-bbox="464 846 1426 963">• a contract for goods or services supplied or provided by another council, a single authority, a joint authority or the Local Government Association of Tasmania, <li data-bbox="464 990 1426 1106">• a contract for goods or services in respect of which a council is exempted under another Act from the requirement to obtain quotes, <li data-bbox="464 1133 1426 1209">• a contract for goods or services that is entered into at public auction, <li data-bbox="464 1236 1426 1312">• a contract arising when a council is directed to acquire goods or services due to a claim made under a contract of insurance, <li data-bbox="464 1339 1426 1832">• a contract for goods or services obtained as a result of a tender process conducted by: <ul style="list-style-type: none"> <li data-bbox="512 1442 1426 1473">- another Council, or <li data-bbox="512 1500 1426 1532">- a single authority or a joint authority, or <li data-bbox="512 1559 1426 1590">- the Local Government Association of Tasmania, or <li data-bbox="512 1617 1426 1693">- any other local government association in the State or in another State or Territory, or <li data-bbox="512 1720 1426 1832">- any organisation, or entity, established by any other local government association in this State or in another State or a Territory, <li data-bbox="464 1859 1426 1935">• a contract of employment with a person as an employee of Council, or <li data-bbox="464 1962 1426 1993">• any other exemption provided for under the Act or other

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	<p>legislation.</p> <p>The exercise of these exceptions must be clearly stated and where appropriate justified in writing.</p>
<p>Other exemptions</p>	<p>This Policy does not apply to the procurement of goods and/or services:</p> <ul style="list-style-type: none"> • to engage artists/performers • to engage artists as part of a Council event • to payments for utilities; or • to payments in relation to donations, community grants and benefits. <p>These payments will be approved through the relevant established approval process at the time. The relevant financial delegation thresholds still apply.</p> <p>The relevant Manager within their financial delegation thresholds may determine not to use a quotation process outlined in this policy under the following circumstances:</p> <ul style="list-style-type: none"> • where it can be established that there is only one supplier of a particular product or service and there is no appropriate substitute available, or where alternative options are not suitable or do not provide value for money, • where the original product or service has been selected through an open tender process and the request for exemption relates to the proposed purchase of an upgrade or addition to the existing system, and there are limited supply options, • the product is being tested/trialled to assist in the evaluation of its performance prior to a large scale purchase for which open tenders will be called, • to assist in the development of a new product/process in conjunction with a private sector business, • where there are established whole-of-Government contracts for the supply of goods or services to agencies and other authorised organisations, or • where the provision of goods and services are of a specialised nature that requires a high level of familiarity of Council and its operations (e.g. specialists' consultants, legal services, specific

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	training needs, supplier of goods for emergency repairs etc.).
Supplier Arrangements	
Approved supplier arrangements	<p>It is recognised that circumstances may exist where Council is best served by the provision of goods and services by approved suppliers. These circumstances will usually be limited to specialised goods and service provision. The purchase of goods and services may be made without obtaining quotes where there is a contract between Council and the supplier (i.e. there is a formal agreement in place arising from a Council decision to use the supplier in preference to others – e.g. annual supply contracts). Approved Suppliers are to be recorded on Council’s Approved Supplier register. The Approved Supplier Register is to be reviewed annually.</p>
Use of local suppliers	<p>Council recognises that the local business community is an integral part of the overall community and is committed to providing assistance that will support and encourage business.</p> <p>Subject to the Competition Principles Agreement applicable to local government activities and trade practices legislation the Council will, whenever possible, adopt a policy of purchasing locally.</p> <p>Council’s approach to local suppliers will therefore be based on the following:</p> <ul style="list-style-type: none"> • when seeking quotations and calling for tenders, staff will be mindful of relevant local suppliers and the impact on the local economy if the goods or services were purchased from outside the Council area, • care will be taken not to disadvantage local suppliers in terms of their opportunity to quote and/or tender for work, • fostering good relations with local industry bodies and suppliers, • the National Competition Policy guidelines and associated legislation is observed at all times, • a tolerance of 10% up to a limit of \$10,000 may be applied when considering the purchase of goods and services locally, • local, in this context, means a business or contractor operating

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	<p>from permanent premises situated within the Council's municipal boundary for not less than six months prior to the date of the contract date.</p>
Delegations	
<p>Financial delegation thresholds</p>	<p>Council has provided a delegation to the General Manager to expend funds. The General Manager has in turn provided delegations to specific Council officers with threshold limits.</p> <p>When authorising expenditure under financial delegations, Authorising Officers are to ensure that such expenditure is within the amounts included in Council's budget.</p> <p>Authorising Officers are to ensure that any variations to the initial quoted/contracted amount do not cumulatively exceed the threshold of the Authorising Officer's delegation. Where this occurs, the Authorising Officer is to seek further appropriate authorisation for the total amount.</p> <p>Authorising Officers are to ensure that any variation to the initial quoted/contracted amount do not cumulatively exceed the procurement thresholds outlined in this policy. Where this occurs, the Authorising Officer is to detail the events and circumstances of the variation and seek further authorisation from the relevant Manager for this variation.</p> <p>If, following the acceptance of a quote, the quote is subsequently altered by the contractor to substantially exceed (i.e. greater than 10% or \$10,000) the initial quoted amount, the Authorising Officer is to ensure that all such variations are documented and justified.</p>
<p>Delegation reviews</p>	<p>It is noted that the General Manager may:</p> <ul style="list-style-type: none"> • review the Financial Delegations Thresholds based on organisational change to best reflect the nature of the assigned responsibilities of staff; and • revise, modify and/or withdraw the financial delegations held by staff at any time by notice in writing.
<p>Assignment and budget responsibilities</p>	<p>Responsibility for each Program under Council's Annual Plan and Budget is held by the relevant Manager / Team Leader.</p> <p>A Manager may assign (with or without specific instructions) Budget "line item" responsibility for the authorisation of budget</p>

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	expenditure in programs and projects under their responsibility. Such assignment of responsibility: <ul style="list-style-type: none"> • Is subject to the limitations outlined in the Financial Delegations Thresholds; • Is to be made to a person working under the direction of the relevant Manager who has budget responsibility for the Program.

4 Responsibilities

This Policy applies to all Council purchases for goods and services and is to be read in conjunction with Council's Code for Tenders and Contracts.

5 Associated Documents and References

5.1 Local Government Act 1993 Reference

Division 2A – Tenders and contracts for goods and services

Local Government (General) Regulations 2015 Part 3 – Division 1, 2 & 3

5.2 Strategic Plan Reference

Program	1	Governance
Activity	1.3	Financial Management
Objective	1.3	Ensure the long-term financial viability of the Council
Strategy	1.3.1	Maintain a Financial Management Strategy which is aligned to Asset Management Plans and other strategic documents

5.3 Other Associated Documents

- Code for Tenders and Contracts
- Staff Gifts and Benefits

APPROVED BY COUNCIL: 10 July 2023 Minute: 12.1

EFFECTIVE DATE: 10 July 2023

ADMINISTERED BY: Team Leader Finance

This policy will be reviewed periodically to ensure its relevance in terms of community needs and expectations and Council goals, targets, budget and statutory requirements.