



# Gladstone Regional Council

## Council Policy

<b>Title</b>	<b>PROCUREMENT POLICY</b>
<b>Policy Number</b>	<b>P-2018-12</b>
<b>Business Unit/s</b>	<b>FINANCE GOVERNANCE &amp; RISK</b>
<b>Date of Adoption</b>	<b>17 JULY 2018</b>
<b>Resolution Number</b>	<b>G/18/3474</b>
<b>Review Date</b>	<b>17 JULY 2019</b>
<b>Date Repealed</b>	

### 1.0 PURPOSE:

The purpose of this policy is to demonstrate Gladstone Regional Council's approach to the 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 workers 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;
- Collector of Public Monies – Centrelink.

### 3.0 RELATED LEGISLATION:

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

### 4.0 RELATED DOCUMENTS:

- Procurement Corporate Standard
- Evaluation 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 Conduct Code

## 5.0 DEFINITIONS:

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

**“Financial Delegation”** – means a formal delegation allowing an employee to authorise / 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)

**“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 office and permanent employees resident in the Council 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 Council area and/or other Local Businesses and Industry (*as determined by Council in the event of any dispute*);

**“Procurement”** – means the entering into of an agreement to purchase, hire, lease, rent, or exchange by way of any transaction involving the outlay by Council of funds, goods, equipment or services in return for the provision of goods and services to Council by another person, company or other entity;

**“Services”** means intangible products including but not limited to accounting, banking, cleaning, consultancy, education, expertise, medical treatment and transportation.

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

**“Worker”** means any person undertaking work on behalf of Gladstone Regional Council and includes employees, volunteers, contractors (and their employees) and consultants.

## 6.0 PRINCIPLES:

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

- a) Adding value to assist 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) Procuring environmentally preferred products whenever they perform satisfactorily, are of similar quality and are available on a value for money basis;
- d) Supporting economic development and local suppliers within the Gladstone Regional Council local government area;
- e) Ensuring fairness, integrity, transparency and competition;
- f) Ensuring the organisation is fulfilling its safety obligations; and
- g) Ensuring best value for money.

## 7.0 POLICY STATEMENT:

When carrying out procurement activities, Council will:

- a) act ethically and in full compliance with applicable laws, financial delegation and other related Council policies;
- b) exercise responsible financial management, including by identifying and managing risk associated with procurement;
- c) assess value over the whole of the operational life of the goods or services;
- d) be focused on achieving Council's 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) foster 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 and/or have the potential to deliver social, economic and environmental benefit to the Gladstone region;
- h) support locally based manufacturers and local suppliers, consultants and contractors where possible;
- i) establish performance agreements with key suppliers, consultants and contractors and monitor their performance over time; and
- j) establish a safety control 'gate' within the procurement process whereby any submission failing to meet current safety requirements will be automatically excluded;
- k) establish criteria for tender evaluations that is advertised when the tender is released.

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) establishing a local preference weighting of 10% to be assessed in the evaluation process of tender offers allocated as follows:
  - i) 5% on the basis of the supplier's head offices geographic location; and
  - ii) 5% determined on the basis of the supplier's submitted Local Procurement Plan, demonstrating how they will commit to spend concentration and sub-contracting within the Gladstone Region;
- b) the placement of orders where that local supplier is competitive under Council's evaluation processes;
- c) actively seeking out local suppliers as potential suppliers when seeking offers;
- d) ensuring that the below are given due consideration in the evaluation processes:
  - 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 principal contractors to give local suppliers every opportunity, as partners or subcontractors, to participate in major projects.

**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.

<b>TABLE OF AMENDMENTS</b>			
<b>Document History</b>	<b>Date</b>	<b>Council Resolution No.</b>	<b>Notes (including the prior Policy No, precise of change/s, etc)</b>
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.

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**ROSLYN BAKER**  
**CHIEF EXECUTIVE OFFICER**