

## Procurement Policy

<b>Policy type:</b>	Statutory
<b>Policy owner:</b>	Director Finance & Corporate Services
<b>Responsible manager:</b>	Manager Procurement
<b>Corporate Plan link:</b>	Our Engaged Council
<b>Approved by:</b>	General Meeting
<b>Date approved:</b>	22 November 2023
<b>Date effective:</b>	1 February 2024
<b>Date of review:</b>	22 November 2024 (annually from the date of adoption or date of last review)
<b>Current version:</b>	8

### Objective

This Policy sets out City of Moreton Bay's (Council) framework for procurement and contracting activities in a manner that is consistent with Sound Contracting Principles (SCP).

A Procurement Policy is required under section 198 of the *Local Government Regulation 2012* (Qld) (the Regulation) and must be reviewed annually. The Procurement Policy also complies with Chapter 6 Part 2 of the Regulation which enables Council to take a strategic approach to its contracts for goods, services and the disposal of non-current assets (excluding the disposal of land or an interest in land).

### Statement

Council, through its Corporate Plan, is committed to providing services that deliver our community's shared vision: *Our Moreton Bay. Amazing places. Natural spaces.* This policy supports the Organisational Excellence Strategy 2042, particularly *We are leaders in good governance and sustainably manage our finances and assets.*

Council has adopted the Strategic Contracting Procedures under Chapter 6 Part 2 of the Regulation for its contracting of goods and services and the disposal of non-current assets (excluding the disposal of land or an interest in land). This will deliver a framework to support procurement practices which enables cost savings and better outcomes for our local suppliers and capital delivery program.

### Requirements

To apply the Strategic Contracting Procedures to Council's contracts, Council must develop the following documents:

- a) Contract Manual;
- b) Contracting Plan; and
- c) Significant Contracting Plans.

Council's Contract Manual (Procurement and Contract Manual) sets out the procedures for how Council is to carry out all contracts for the supply of goods or services, or the disposal of non-current assets. All Council Team Members must comply with the requirements of the Procurement and Contract Manual.

Following adoption of the annual budget, Council makes and adopts a Contracting Plan. This plan may include specific exemptions from the requirements of this Policy and the Procurement and Contract Manual.

Council's Contracting Plan may identify significant contracts that require a Significant Contracting Plan. Council considers a contract to be 'significant' when:

- the expected contract value is greater than or equal to \$5 million, or
- a contract term may be proposed for greater than ten years, or
- having regard to the market assessment, Council has considered the contract will be significant.

Where the Contracting Plan identifies a significant contract, Council must make a Significant Contracting Plan before the contract starts. All Significant Contracting plans must be approved in accordance with Council's Contracting plan and may only be modified by resolution of Council.

### Principles

Council is committed to carrying out procurement in a manner that is consistent with the SCP outlined in section 104 of the *Local Government Act 2009* (Qld) (the Act), which are:

#### 1. Value for Money

Regard must be given to achieve value for money in all procurement decisions. Value for money should not be limited to price alone. In assessing value for money, Council officers must consider:

- the contribution to the advancement of Council priorities and vision, including economic, social and environmental objectives;
- non-cost related factors such as fitness for purpose (this may include alignment with procurement objective(s), compliance with specifications and quality), supplier capability, capacity, experience, plant and equipment, innovation, safety and risk; and
- whole-of-life factors that may include acquisition costs, such as the contract price, initial transaction costs, ongoing payment options, operating costs, maintenance costs, support costs, transition out of contract and disposal costs. Whole-of-life costs should be scaled to the value, risk and complexity of the project.

As the application of the value for money principle may not necessarily favour the lowest price, contracting decisions must substantiate how application of the principles ensures Council is receiving the most advantageous outcome.

#### 2. Open and Effective Competition

Council balances open and effective competition based on the expected value of contracts. Unless entering into a contract under an existing Council contract (i.e. Council Preferred Supplier Arrangement) or approved exception, process for a procurement activity undertaken is determined having regard to the following procurement thresholds:

- Less than \$25,000 requires a minimum of one quotation to be obtained;
- Greater than or equal to \$25,000 but less than \$250,000 requires the invitation of two written quotations (minimum);
- Greater than or equal to \$250,000 but less than \$500,000 requires the invitation of at least three written quotations; and
- Greater than or equal to \$500,000 invite tenders.

The procurement thresholds are for the expected value of the contract arrangement, exclusive of GST, in a financial year or over the proposed term of the contract.

#### 3. The Development of Competitive Local Business and Industry

Council encourages the development of competitive local businesses through our Local Preference Operational Directive 2180-054 with commitment to provide a supportive environment to grow local businesses, industry and jobs and help local businesses to realise opportunities in the circular economy, through developing competitive local business and industry.

Where the expected value of a contract is less than \$500,000, quotations will be invited from suitable local businesses who Council considers can meet their requirements at competitive prices in the first instance.

Where the expected value of a contract is greater than or equal to \$500,000, Council may include a local business and local benefit non-price evaluation weighting of 15%.

It is acknowledged that due to the complexity, value and risk of some projects, it may be necessary to consider the applicability of this Local Preference Operational Directive 2180-054. In determining if this is applicable, consideration must be given to:

- the nature of the contract;
- the local market;
- associated risks; and
- ability to achieve value for money.

Where deemed not appropriate, reasonable justification and evidence to support the decision must be documented and recorded with endorsement from the relevant Delegate. The Delegate for the procurement expenditure must be satisfied that such decision making reflects the most advantageous outcome for Council.

#### **4. Environmental Protection**

Council will demonstrate leadership by undertaking procurement in a way that not only achieves legislative compliance but enhances environmental protection and contributes to our healthy environments. Sustainability and environmental considerations will be incorporated in project planning and procurement activities in various ways depending on the size, nature, risks, opportunities and impact of a project. Incorporating these considerations contributes towards enactment of the Sound Contracting Principles, helping Council to achieve a reduced footprint, better environmental performance and positive outcomes for the community.

#### **5. Ethical Behaviour and Fair Dealing**

Council conducts its procurement and contracting activities in a transparent manner which demonstrates probity and accountability.

Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect, and consistency. Ethical behaviour includes avoiding conflicts of interest, and not making improper use of an individual's position.

Ethical behaviour is important in public sector procurement as it involves the expenditure of public money and is subject to public scrutiny. The standards of conduct applicable to all Council representatives which must be adhered to in all procurement activities undertaken pursuant to this Policy are the obligations stated in the Code of Conduct.

#### **Reporting**

As soon as practical, after entering into a contractual arrangement worth \$200,000 or more (exclusive of GST), Council must publish the relevant details of the contractual arrangement in accordance with section 237 of the Regulation. Council will publish the expected value of the contract for Supplier Panel Arrangements, however, not individual projects/contracts entered into under Supplier Panel Arrangements.

#### **Application**

The Procurement Policy applies to all Council Team Members. For the purposes of this Policy, the term contractor also includes on-hired temporary labour services (agency staff) and sub-contractors.

Section 238 of the Regulation applies if a local government delegates, under section 257 of the Act, power to make, amend or discharge a contract for the local government.

If a Council Team Member is making, amending or discharging a contract under delegation, they must satisfy themselves that:

- a) they hold a delegation under section 257 or 259 of the Act;
- b) they act in accordance with the requirements of the Procurement and Contract Manual;
- c) the conditions set out in section 238(2) of the Regulation are satisfied; and
- d) they have the appropriate financial authorisation limit.

Financial and contract delegations must be followed for procurement activities.

Pursuant to section 217(4) of the Regulation, nothing in the Procurement and Contract Manual applies to a contract for the disposal of land or an interest in land. Contracts for the disposal of land or an interest in land such as the grant of a lease, are subject to the requirements of section 227 of the Regulation.

## Related Documents

### Relevant legislation

- *Local Government Act 2009* (Qld)
- *Local Government Regulation 2012* (Qld)

### Council documents

This policy complements and is to be implemented in conjunction with other Council policies, directives and relevant documents published by other agencies including, but not limited to:

- Code of Conduct for Employees
- Delegations Register
- Procurement and Contract Manual
- Local Preference Operational Directive 2180-054
- Contracting Plan

## Definitions

Term	Definition
<b>Adjusted Price Premium</b>	The potential premium Council is prepared to pay to support local businesses over and above the preferred 'non-local' business's price.
<b>Best Value</b>	Best Value considers: <ul style="list-style-type: none"> <li>• the contribution to the advancement of Council priorities and vision; including economic, social and environmental objectives;</li> <li>• non-cost related factors such as fitness for purpose (this may include alignment with procurement objective(s), compliance with specifications and quality), supplier capability, capacity, experience, plant and equipment, innovation, safety, and risk; and</li> <li>• whole-of-life factors that may include acquisition costs, such as the contract price, initial transaction costs, ongoing payment options, operating costs, maintenance costs, support costs, transition out of contract and disposal costs. Whole-of-life costs should be scaled to the value, risk and complexity of the project.</li> </ul>
<b>CEO</b>	Chief Executive Officer of Moreton Bay City Council.
<b>City of Moreton Bay and Council</b>	Moreton Bay City Council.
<b>Contract</b>	A written agreement between the Council and a business to provide specified goods or services. The Council uses many types of contracts to procure the goods and services, including, but not limited to, construction contracts; goods and services contracts; management agreements; memorandums of understanding; partnership agreements; service level agreements and software licences.
<b>Expected Contract Value</b>	The total expected value of the contract, exclusive of GST, in a financial year or over the proposed term of the contract.
<b>Local Benefit</b>	Local Benefit may mean a business which will create local business development opportunities to increase local jobs and stimulate the local economy and community through a commitment to local development initiatives and growth initiatives. These potential examples may include but are not limited to:

Term	Definition
	<ul style="list-style-type: none"> <li>creating new jobs, ensuring sustainability of existing local jobs or upskilling local workforces;</li> <li>sourcing goods, services, plant and/or equipment for the purpose of the contract from City of Moreton Bay businesses;</li> <li>investing in local apprenticeship and trainee schemes;</li> <li>Introducing new innovations that foster new markets and eco-systems in the local market.</li> </ul>
<b>Local Benefit Business</b>	A business who is located outside of Council's Local Business Boundary that has committed to achieve Local Benefit outcomes.
<b>Local Business</b>	An entity or individual who maintains a workforce and whose business premises is physically located within the Moreton Bay Local Government Area as defined under the <i>Local Government Act 2009</i> (s8(2)) (evidence of documents include a Utility Bill, Lease/rental agreement or Bank Statement containing business name and business location in the City of Moreton Bay local government area).
<b>Local Business Boundary</b>	Local Business Boundary means within the City of Moreton Bay's Local Government boundaries as defined under section 8(2) of the <i>Local Government Act 2009</i> .
<b>Procurement</b>	All purchasing of goods, services and the carrying out of works, and the disposal of non-current assets.
<b>Quotation</b>	An offer received from a Supplier in response to a Request for Quotation.
<b>Sound Contracting Principles (SCP)</b>	The principles as defined in section 104 of the <i>Local Government Act 2009</i> .
<b>Team member</b>	All employees of Council and contractors working for Council, whether employed on a permanent, temporary, part-time or casual basis and includes volunteers and employees of businesses and entities contracted to provide services to, or on behalf of Council. For the purpose of this Operational Directive, the term contractor includes on-hired temporary labour services (agency staff) and sub-contractors.
<b>Tender</b>	An offer received from a Supplier in response to a Request for Tender.

## Document Control

Only Council can approve amendments to this document by resolution at a Council General Meeting, with the exception of administrative amendments which can be approved by the Chief Executive Officer or relevant Executive Leadership Team member. Council's Policy Framework provides an explanation on administrative amendments (ECM25077702).

Any requests to change the content of this document must be forwarded to the relevant Policy Owner and the Governance Branch for review. Approved documents must be submitted to the Executive Services Branch for registration.

Document History			Official Version: 68994007 (previously A4728766)	
Version	Approval	Date	Description	Document ID
1	Council	21.4.2009	Coordination Committee (09/926-927) ( <i>Procurement &amp; Disposals Policy</i> )	Version of PDF A4728766
2	Council	5.4.2011	Coordination Committee (11/564) ( <i>Procurement Policy</i> )	Version of PDF A4728766
3	Council	23.1.2013	Legislative Amendment 2012 only	A14572294
Reviewed	N/A	March 2016	No amendment required	
4	Council	6.6.2017	Coordination Committee (17/1067)	A15260571

Document History		Official Version: 68994007 (previously A4728766)		
Version	Approval	Date	Description	Document ID
5	Council	27.5.2020	General Meeting (MP. 20/855)	A19609448
6	Council	9.12.2020	General Meeting (MP. 20/2043)	A20886289
7	Council	30.3.2022 (effective 13.4.2022)	General Meeting (MP 22/515)	62253192
8	Council	22.11.2023 (Effective 1.2.2024)	General Meeting (MP. 22/2427)	67807447