



Procurement Policy (including Local Preference Policy)

Strategic

1. Purpose

Warrumbungle Shire Council is committed to providing goods and services that meet the expectations of the community and stakeholders in the Shire at an affordable cost.

2. Objectives of the Policy

The policy aims to ensure Council's procurement of goods and services is legal, ethical and to Council's best advantage. The expected outcomes of this policy are:

- Open and fair competition
- Value for money
- Encouragement of local business
- Enhancement of the local economy
- Ethical behaviour and fair dealing
- Compliance with relevant legislation.

3. Policy Scope

Council procurement covers a wide range of goods and services necessary to discharge its functions and to meet the aspirations of the community it serves. Procurement procedures are undertaken on a daily basis by a wide range of staff employed by Warrumbungle Shire Council. This policy provides overall guidance to those staff members required to acquire goods and services. This policy also provides guidance to elected representatives when they are required to make procurement decisions.

4. Background

Relevant Legislation and Guidelines are:

- a) Local Government Act 1993 No 30
- b) Local Government (General) Regulation 2005 (*as amended*)
- c) Work Health and Safety Act 2011 No 10
- d) Government Information (Public Access) Act 2009
- e) Competition and Consumer Act 2010 (Cth)
- f) Tendering Guidelines for NSW Local Government, NSW Division of Local Government, October 2009.
- g) NSW Government Code of Practice for Procurement, January 2005.

5. Definitions

Procurement

'All activities involved in acquiring goods or services either outright or by lease (including disposal and lease termination). Includes acquiring consumables, capital equipment, real property, infrastructure, and services under consultancies, professional services, facilities management and construction' (*source DLG Tendering Guidelines for NSW Local Government, October 2009*).

Local Supplier

1. An organisation that operates from permanently staffed premises within the boundaries of the Warrumbungle Local Government Area and has operated from those premises for a minimum period of three (3) months before submitting a quotation or tender.
2. An organisation that is more than 49.9% owned by an individual (or individuals) that live within the boundaries of the Warrumbungle Local Government Area and has done so for a minimum period of three (3) months before the organisation submits the quotation or tender.

6. Policy Statement

The cost of obtaining and providing goods and services, including disposal of assets, will be determined by either a quotation process or a tender process. Staff and elected representatives will use the process that best meets the objectives of this policy.

In accordance with Section 355 of the Act, Council may choose to engage in joint purchasing arrangements with other councils or groups of councils such as voluntary regional organisations of councils.

Council will give preference to local suppliers where evaluation criteria outlined in Section 6.4 are utilised. Furthermore, all suppliers whether by tender or quotation will be advised of the evaluation criteria and Council's preference to use local suppliers.

6.1 Tenders

Council will seek tenders where required by the Act and when deemed appropriate by the General Manager. The tendering process will follow the guideline document produced by the DLG called 'Tendering Guidelines for NSW Local Government, October 2009'. Particular attention will be paid to the process checklist included in the guidelines.

Clause 166 of the Regulation identifies the types of tendering methods available to Council. Council must decide by resolution whether it is going to use an open or selective tendering process.

6.1.1 Tender Documentation

Whether open tenders are invited or tenders are invited from a selected list from a call for expression of interest, the following sections will appear in the overall tender document.

- Advertisement
- Information for Tenderers
- Conditions of Tender
- General Conditions of Contract
- Job Specific Requirements (or Services to be Provided)
- Specifications
- Tender Schedules
 - Pricing Schedule
 - Schedule of Insurances
 - Project Schedules
 - Consultants / Contractors Resources.

The following templates have been developed to assist staff in the tendering process and preparation of tender documentation. The templates are available on Council's intranet.

- Example Advertisement,
- Information for Tenderers
- Include Selection Criteria.
- Condition of Tendering
- Relevant Conditions of Contract

6.1.2 Non Refundable Fee for Tender Documents

The cost of producing a set of tender documentation and advertising a tender will be recovered by the imposition of a nominal fee. The fee will be set by the relevant Officer to recover the expected costs. The fee will be included in the advertisement and will be non refundable.

6.1.3 Consideration of Tender Information in Closed Council

In accordance with Section 10A, if tender information being considered by Council will either prejudice the commercial position of a tender or confer a commercial advantage on a competitor or reveal a trade secret, Council is obligated to consider the matter in closed Council.

6.1.4 Invitation to Tender to Recognised Contractors on Council's List

From the Guidelines, 'Clause 169 of the Regulation allows Council to establish a list of contractors who are interested in tendering for proposed contracts of a special kind'.

'Selective tender lists of recognised contractors are established where there is a continuing workload in a particular category of work and this workload justifies the cost of setting up and maintaining the list.' (*p36 DLG Tendering Guidelines*).

Currently, Warrumbungle Shire Council prepares a list of earthmoving contractors and truck contractors for provision of services to Council. It is expected that in due course other kinds of lists such as trade services will be developed.

'Overall management of the selective tender list system should be designed to give a fair distribution of opportunities to all recognised contractors over time. However, the contractor's past performance is a prime consideration. Other factors that may be taken into account include the location of the work, special requirements of the work, skill level of the contractor and commitments of the contractor.' (*p36 DLG Tendering Guidelines*).

6.1.5 Tender by a Regional Procurement Company

Council may from time to time become a member of one or more procurement companies. The purpose of membership is to join with other councils for procurement to attract price savings for a particular product or service.

The procurement company undertakes the administrative process associated with tendering and Council has the opportunity to procure products and services at the tendered price. However, being a member does not allow Council to delegate its responsibility for determining the outcome of a tender process.

That is, Council by resolution is required to formally accept or reject a particular tender proposal by the procurement company.

6.1.6 State Government Procurement Contract

Council is able to access products and services through providers that are recognised by the State Contracts Control Board and the Commonwealth Department of Administrative Services.

“State Contracts are the principal method of purchasing for Government agencies across New South Wales. Over 100 State Contracts have been approved under the authority of the State Contracts Control Board (SCCB). A complete list and information about all NSW Government State Contracts can be found on the NSW Procurement sister website www.nswbuy.com.au.” (website – www.nswprocurement.com.au).

6.1.7 Prescribed Organisations

Local Government Procurement Partnership is a prescribed provider pursuant to Clause 163 of the Regulation.

6.2 Quotations

The cost of obtaining and providing goods and services must be determined by quotation where a tender process is not used. The quotation process must keep in mind the objectives of this policy.

The ordering of any goods or services as a result of quotation must be authorised by a staff member with the appropriate level of delegation.

The scale, complexity and political sensitivity of the procurement will usually determine if formal or informal quotations are sought and the number of quotations. Table 1.0 outlines minimum procedural requirements in relation to procurement by quotation.

Table 1.0 – Monetary Thresholds for Quotation Procedures

Purchase Value	Procedure
Purchase value less than \$10,000	Verbal request for quotation permitted however, quotation must be in a documented form. At least one quotation must be received.
Purchase value between \$10,001 and \$70,000	The quotation must be sought by formal request. Documentation associated with the request must include a brief outline of the services to be provided. At least three quotations must be sought and at least one formal quotation must be received.
Purchase value between \$70,001 and \$149,999	The quotation must be sought by formal request. Documentation associated with the request must include a specification or brief for the services, assessment criteria, pricing schedule and closing date. At least three quotations must be sought and at least two quotations must be received in the prescribed format.

6.3 Order Splitting

Purchase Orders must not be split to avoid the monetary thresholds outlined in Table 1.0.

6.4 Evaluation Criteria

Value for money assessment of tenders and relevant quotations will be based on set performance criteria as well as price. The criteria must be included with documentation made available to potential service providers. The relevant Council officer will establish the criteria and weight them accordingly, however the list of criteria included in Table 2.0 must be included as a minimum. The weighting attached to each criterion will not be made known to potential service providers.

A score will be given by the assessment panel against each criterion and when the score and weighting are multiplied out an overall assessment score will be determined.

The evaluation criteria used to assess tenders and relevant quotations must include 'local benefit' criteria as indicated in Table 2.0. Local benefit criteria will have a maximum weighting of 10% of the total evaluation criteria.

Table 2.0 - Minimum List of Performance Criteria for Assessment of Tenders and Relevant Quotations

Assessment Criteria	Weighting	Score	Assessment Score
Track record in completion of similar projects.			
Suitability of proposed personnel, plant, equipment and subcontractors.			
Suitability of proposed works methodology.			
Details and logic of the proposed method of works.			
Local Benefit <i>(maximum weighting 10 points out of 100).</i>			
Locally sourced materials (grown, manufactured, assembled, made within the Warrumbungle Shire Local Government Area) specific to the contract.			
Locally sourced labour (actual / potential as result of the contract).			
Locally sourced services (eg. fuel, accommodation) as a result of the contract.			
Assessment Criteria	Weighting	Score	Assessment Score
Supplier is a business operating within the Warrumbungle Shire Local Government Area			

6.5 Local Preference

For all quotations and tenders for the supply of goods, material and / or services for Warrumbungle Shire Council up to an amount of \$5,000 a price advantage of 10% is given to local suppliers. Amounts from \$5,001 up to \$10,000 a price advantage of 5% is given to local suppliers. Amounts of \$10,001 to \$150,000 a price advantage of 3% is given to local suppliers. That is, in the process of determining the successful supplier, an amount of 10%, 5% or 3% will be nominally deducted from the local supplier price for the purpose of price comparison only

7. Responsibilities

Department and staff responsible for the day to day application of the policy eg. enforces the policy.

8. Associated Documents

Other policies, procedures, forms and Council reports eg Workforce Management Plan, Operational Plan and Delivery Program.

9. Getting Help

The staff member/s who can assist with enquiries about the policy.

Position: Directors, Chief Financial Officer.

Department: Corporate and Community Services, Technical Services, Development Services.

10. Version Control

Review Date: This Policy has a life of two (2) years. It will be reviewed in February 2019.

Staff Member Responsible for Review: Director Corporate and Community Services.

Policy Name	Action	Resolution No.	Date
Procurement Policy (including Local Preference Policy)	Endorsed	319	17 March 2011
Procurement Policy (including Local Preference Policy)	Endorsed	26/1718	20 July 2017