



Procurement Policy

Local Government Act 2009

1. POLICY STATEMENT

This policy sets out Townsville City Council's mandatory requirements for selection and engagement of suppliers for goods and services.

2. PRINCIPLES

All procurement activities of the Council must have regard to the 'sound contracting principles' contained in the *Local Government Act 2009*.

The sound contracting principles are:

- a) value for money; and
- b) open and effective competition; and
- c) the development of competitive local business and industry; and
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

Without limitation, 'value for money' does not just mean 'lowest price' but includes,:

- a) Alignment to the objectives of Council outlined in its corporate and operational plans;
- b) Stimulating economic growth within the local government area and compliance with Council's 'Buy Townsville' commitment, Local Business Expenditure and Indigenous Procurement Targets;
- c) Consideration of the cost-related factors including whole-of-life costs and transactional costs associated with the acquisition, use, administration, holding, maintenance and disposal of the goods and/or services,;
- d) Fitness for purpose and quality; and
- e) Consideration of environmental, social and economic impacts and sound systems of operational management, risk, legal and reputation exposure, and business continuity.

3. SCOPE

Who

This Policy applies to all workers and should be read in conjunction with other Council policies and procedures including but not limited to the Code of Conduct for workers, Social and Sustainable Procurement Framework, Environmental Policy, Management of Fraud and Corruption, and the WHS Risk Management Framework.

This policy will be reviewed annually in accordance with section 198(3) of the *Local Government Regulation 2012*.

What

All procurement and contracting activities (for the making and carrying out of contracts) for all spend categories for:

- the creation and maintenance of assets
- the supply of goods and services
- the disposal of non-current assets (excluding land but including the disposal of an interest in land).

ELECTRONIC VERSION CURRENT UNCONTROLLED COPY VALID ONLY AT TIME OF PRINTING.

Document SetID. – 20755855

Authorised By – Director Business Services

Document Maintained by – Procurement

Version No. 7

Initial Date of Adoption (Version 1) – 23.03.10

Current Version Reviewed – 23.08.23

Next Review Date – 23.08.24

All procurement and contracting activities including:

- formal contracts
- revenue neutral or revenue positive contracts
- licences and lease agreements
- purchase requisitions (shopping carts)
- purchase orders
- corporate purchasing cards
- stores inventory management and warehousing
- non-order purchases.

Exclusions

Other provisions of the legislation that govern activities not within the scope of this policy include:

- procurement and disposal of land
- disposal of current assets (note that in disposing of current assets, Council must still have regard to the sound contracting principles)
- property development infrastructure agreements regulated by the Planning Act 2016
- grants administered via the Community Grants Policy
- government fees, licensing, registrations and levies
- refunds and reimbursements
- contracts for the direct employment of Council officers.

4. RESPONSIBILITY

Managers are responsible for ensuring the procurement policy is understood by all workers and creation of an environment that supports compliant procurement activities.

All Workers are responsible for adhering to the procurement policy.

The Chief Procurement Officer is responsible for:

- Monitoring and reporting of Council's procurement activities; and
- Supporting the compliance of Council's procurement activities.

5. DEFINITIONS

Auction – means a public sale in which goods or property are sold to the highest bidder.

Government agency – means an agency as defined in section 14(1) of the *Right to Information Act 2009* (Qld).

Manager – includes persons appointed to positions including with the title, Team Manager, Coordinator, Lead, General Manager, Principal, Director and Chief.

Value for money - an assessment of the total benefits and costs provided by a procurement including, cost, whole of life cost, local benefit, advancing government policy and supporting social outcomes.

Workers – includes employees, contractors, volunteers and all others who perform work on behalf of Council.

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6. POLICY

6.1. COMPLIANCE

Council workers conducting procurement activities must ensure that they comply with Council's policies, procedures and rules together with all applicable laws and legislation including but not limited to the *Local Government Act 2009*, the *Local Government Regulation 2012*, *Public Sector Ethics Act 1994* and any relevant environmental, safety, anti-bribery and corruption legislation.

Each purchasing activity must meet the requirements of sound contracting principles set out within the *Local Government Act 2009 s104(3)*.

6.2. STANDARDS

Council workers must conduct all procurement activities in accordance with the *Code of Conduct for Staff* and behave with impartiality, fairness, integrity and professionalism.

6.3. AUTHORISED EXPENDITURE

Prior to any procurement activity, purchases of any goods or services must be made in accordance with policy and the *Local Government Regulation 2012*.

Procurement must only be undertaken where there is a budget for the expenditure or it is otherwise authorised by a Council resolution. All purchases must be approved by the relevant financial delegate.

6.4. EXISTING CONTRACTS

Where a contract exists with a supplier or a panel of suppliers for a defined category of goods or services, purchases must be made under that contract where the required goods or services are of the similar scope and risk profile as the contract.

Arrangement Type	Minimum Requirements
Preferred Supplier Arrangement (PSA)	The single supplier contracted under the PSA must be utilised.
Register of Prequalified Suppliers (RPS)	<p>Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity.</p> <p>For purchases less than \$15,000*, value for money must be tested by:</p> <ul style="list-style-type: none">Assessing contracted/catalogue prices of contracted suppliers; orRequesting written quotes from a minimum of two suppliers contracted under the RPS arrangement. <p>For purchases \$15,000* or greater, value for money must be tested by:</p> <ul style="list-style-type: none">Assessing contracted/catalogue prices of contracted suppliers; orRequesting written quotes from a minimum of three suppliers contracted under the RPS arrangement. <p>Where less than three suppliers are contracted under the RPS arrangement, written quotes are required to be requested from the contracted suppliers available.</p>

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Arrangement Type	Minimum Requirements
Approved Contractor List (ACL)	<p>Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity.</p> <p>For purchases less than \$15,000*, value for money must be tested by:</p> <ul style="list-style-type: none"> Assessing contracted/catalogue prices of contracted suppliers; or Requesting written quotes from a minimum of two suppliers contracted under the ACL arrangement. <p>For purchases \$15,000* or greater, value for money must be tested by:</p> <ul style="list-style-type: none"> Assessing contracted/catalogue prices of contracted suppliers; or Requesting written quotes from a minimum of three suppliers contracted under the ACL arrangement. <p>Where less than three suppliers are contracted under the RPS arrangement, written quotes are required to be requested from the contracted suppliers available.</p>

*All amounts are GST exclusive.

6.5. NEW PURCHASES

For new purchases that are not contracted within existing contracted supplier arrangements, these new purchases must be sourced according to the minimum requirements in the table below:

Value within a financial year or term of engagement*	Minimum Requirements
Less than \$3,000	(i) Credit card in accordance with the Corporate Purchase (Credit) Card; or (ii) One quote
\$3,000 to Less Than \$15,000	Two written quotes
\$15,000 to Less Than \$200,000	Three written quotes
\$200,000 or Greater	Public tender required

*All amounts are GST exclusive.

6.6. EXEMPTIONS

In accordance with *Local Government Regulation (2012)* the primary exceptions to the requirement to obtain quotes or go to tender outlined in sections 6.4 to 6.5 (inclusive) of this Policy:

- Emergency: If the purchase is in response to a genuine emergency.
- Local Buy: If the contract with the supplier is entered under a Local Buy arrangement for similar goods and services. A minimum number of quotes must be requested to test value for money.
- Auction: If the contract is for purchase of goods by auction from an auction house approved by the Chief Procurement Officer.
- Second-hand goods: If the contract is for the purchase of second-hand goods; or
- Government agency: If the contract is made with, or under an arrangement with a government agency.

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6.7. PAYMENT TERMS

Standard payment terms for suppliers to Council are 30 days from receipt of a valid tax invoice. The Chief Procurement Officer and Chief Financial Officer must approve all exceptions to these terms.

6.8. SOCIAL AND SUSTAINABLE PROCUREMENT

In accordance with the Social and Sustainable Procurement Framework, it is mandatory that all procurement activities consider social and community benefits and environment sustainability outcomes in the evaluation and award of procurement opportunities to suppliers.

6.9. CONFLICTS OF INTEREST

Council workers must not have any actual, potential or perceived conflicts of interest in the procurement process. Where such a conflict of interest exists, Council workers must declare such conflicts and ensure that it is resolved or appropriately managed.

6.10. RISK

Council workers must ensure that for purchases over \$15,000 or above (excluding GST) a risk assessment is completed. Any purchases assessed as high-risk must establish and implement actions to manage the risks.

7. LEGAL PARAMETERS

Local Government Act 2009

Local Government Regulation 2012

8. ASSOCIATED DOCUMENTS

Corporate Plan

Delegations Register

ISO2400 Sustainable Procurement

Operational Plan

Register of Financial Delegations

Social and Sustainable Procurement Framework

Code of Conduct for Staff

9. DOCUMENT HISTORY

Date	Version	Amendment	Reviewer	Approved
23/08/2023	7	Operational amendments and clarification of definitions	Procurement	Council

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Document SetID. – 20755855

Authorised By – Director Business Services

Document Maintained by – Procurement

Version No. 6

Initial Date of Adoption (Version 1) – 23.03.10

Current Version Reviewed – 23.08.23

Next Review Date – 23.08.24