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| Procurement Policy | 1.0.6                   | November 2027 |
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## Purpose

The purpose of this Policy is to demonstrate Greater Hume Council's commitment to delivering leading practice in Council's purchasing of goods, services and works that align with the principles of transparency, probity and good governance in accordance with the *Local Government Act 1993 (the Act)* and the *Local Government (General) Regulation 2021 (the Regulations)*.

Council's objectives in establishing this Policy are to:

- Ensure compliance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2021*.
- Ensure leading practice policies and procedures are followed in relation to the purchasing and disposal activities for Greater Hume Council.
- Undertake purchasing and disposal processes that ensure value for money for the Council by delivering the most advantageous outcome possible.
- Ensure openness, transparency, fairness and equity through the purchasing and disposal process to all potential suppliers and buyers therefore strengthening integrity and confidence in the purchasing and disposal practices.
- Ensure efficient and consistent purchasing and disposal processes are implemented and maintained across Council.
- Ensure compliance with the *Government Information (Public Access) Act 2009 ("GIPAA")* and the *Privacy and Personal Information Protection Act 1998 ("PPIPA")*, and associated records management practices and procedures of Council.

## Scope

The policy and attendant methods, procedures and practices apply to all Council staff and all persons undertaking procurement on behalf of Council.

This Policy encompasses all facets of Council operations, including Management Committees established under section 355 of the *Local Government Act 1993* and Reference Committees of Council.

Council will ensure staff and Committee volunteers receive training adequate for them to understand the Procurement Policy and to correctly apply procurement procedures.

This policy *does not* apply to goods and services purchased:

- From internal Council sources
- In an emergency
- By contractors or sub-contractors of Council.

## Definitions

**Procurement**                      The obtaining of goods and services for use by Council to enable it to carry out its functions under the *Local Government Act 1993*.

**Quotation**                         A quotation is the estimated or actual market price of the supply of a work, good or service supplied to Council by a supplier after a verbal or written request from a Council Officer.

Council Officer Any person authorised by Council to purchase goods or services on behalf of Council. This includes employees, volunteers and other agents acting on behalf of Council.

## Policy Content

### Value for Money

Council will use public funds to obtain the best return and performance from those funds.

Value for money is determined on a whole-of-life basis, and takes into consideration factors such as:

- the market maturity for the property or service sought
- the performance history of each prospective supplier
- the relative risk of each proposal
- the flexibility to adapt to possible change over the property or service lifecycle
- financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle
- the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal
- the evaluation of contract options (for example, contract extension options)
- the suitability of the product/service to be procured
- potential obsolescence of a product/service in the near future.

Additional factors include Council staff making decisions in an accountable and transparent manner.

### Environmental Protection

Council is sensitive to environmental protection issues. The purchase of goods and services will support Council's environmental protection objectives.

Where appropriate, Council will evaluate quotations or tenders against environmental protection evaluation criteria. Where supplier's price, performance, quality, suitability and other evaluation criteria are comparable, the supplier who is assessed as having the best environmental protection capability will be preferred.

Where appropriate, evaluation criteria for quotations/tenders will include recycled materials and efficient energy consumption.

### Ethical Behaviour and Fair Dealing

Ethical behaviour means procurement is conducted with due regard to Council's reputation such that an external observer would readily conclude Council's procurement behaviour complies with rules and standards for correct procurement practice. Fair dealing means treating all suppliers equally, providing them with equal opportunity and information, and assessing them without bias against evaluation criteria.

When procuring goods and services all Council officers will comply with the legislative and regulatory framework, attain a high level of professionalism and credibility with suppliers, act ethically and with integrity and fairness.

Please refer to Council's Statement of Business Ethics.

## Conflict of Interest

- Council staff shall at all times avoid situations in which private interests' conflict, or might reasonably be thought to conflict, or have the potential to conflict with their Council duties.
- Councillors and Council staff shall not participate in any action or matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval) where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business where quotations or tenders are being sought.
- The onus is on the member of Council staff being alert to and promptly declaring an actual or potential conflict of interest to the Council.
- Council staff must declare to their manager any potential or actual conflict of interest, including any situation where a supplier has an association or relationship with the Council officer. Where an officer has a potential or actual conflict of interest, they are required to complete a declaration statement.

## Local Purchasing

Staff undertaking procurement on Council's behalf must read the Local Preference Purchase Policy in conjunction with the Procurement Policy and Procedures.

## Authorisation

Only Council Officers with appropriate authorisation and/or delegation will purchase goods and services on behalf of Council. Position descriptions for Council employees will specifically state the purchasing authority of each position and Council will maintain a purchase authorisation register.

## Risk Management

Risk Management is the systematic positive identification of threats and the identification of opportunities for best use of resources. Throughout the procurement process, Council will ensure that risks associated with any transaction are identified and are treated in accordance with Council Risk Management Framework.

## Methods of purchasing

### Tender

Where the total value of goods and services sought exceeds the tender threshold, the Council will follow the statutory tender process.

### Purchase Orders

Except for items specifically excluded in other policies and procedures, all Council purchases of goods and services will require a valid purchase order to be generated prior to the purchase of the good or service.

### Corporate Credit Cards

Council may permit the use of corporate credit or debit cards to purchase goods and services on behalf of Council. Such use will be subject to a specific policy. The Corporate Credit Card Use Policy will be consistent with this general policy and statutory requirements.

### Petty Cash

The use of petty cash for minor purchases (i.e. less than \$100) is encouraged. Whilst quotations are not required Council Officers will still follow the principle of best value.

## Tender Exemptions

Tender exemptions apply in the following instances:

- a) An emergency as defined by the Act;
- b) The purchase is from a Local Government Procurement (LGP) Contract NSW State Contracts, Procurement Australia Contracts and Preferred Supply Contract or Business Service. All LGP Preferred Supply Contracts have been established utilising a competitive public procurement process to pre-qualify suppliers that meet compliance requirements and offer optimal value for money to the Local Government sector.
- c) The purchase is under auction that has been authorised by Council;
- d) The goods or services are being supplied through a renewal or extension of the term of a contract (the original contract) where;
  - a. The original contract was administered through a public Tender process;
  - b. The invitation for Tenders contained provisions for the renewal or extension of a contract;
  - c. The original contract contains an option to renew or extend its term; and
  - d. The supplier's Tender included a requirement for such an option.
- e) A contract that is an environmental upgrade agreement (within the meaning of Part 2A of the *Local Government Act 1993* Section 55)
- f) A contract made with a person or body approved as a disability employment organisation under the *Public Works and Procurement Act 1912* for the purchase of goods or services in relation to which the person or body is so approved
- g) A contract arrangement between Council and the Electoral Commissioner for the Electoral Commissioner to administer the Council's elections, Council polls and constitutional referendums.

**Note:** When deciding about whether to conduct a public Tender or utilise a Tender exempt arrangement, Council should compare the cost and benefits of both processes.

The compliance requirements, time constraints, costs and risks associated with a public Tender should be evaluated against the value delivered by such a process. This should then be compared with the costs and benefits of using a Tender exempt arrangement which includes direct access to preferred suppliers, full regulatory compliance, risk mitigation, administrative efficiencies and cost savings.

## Exemptions Relating to Policy Requirements for Quotations

The obligation to source quotations is not required in the following instances:

Procurement of particular goods or services:

- a) Utilities, but only including water;
- b) Local public notice advertisements that are required by legislation;
- c) State-wide public notice advertisements that are required by legislation;
- d) Annual memberships/subscriptions;
- e) Software license fees;
- f) Conference registration fees;

- g) Employment of temporary staff members through temporary personnel service agencies;
- h) Department of Land Information on-line transactions;
- i) Motor Vehicle Licensing and Registration;
- j) Postage;

### **Requirements when the Council Invites Tenders though it is not required to do so**

Where considered necessary, Council may consider calling public Tenders in lieu of undertaking a request for quotation for purchases under the \$250,000 threshold (including GST).

This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements and also whether the purchasing requirement can be met through preferred suppliers.

If a decision is made to undertake a public Tender for contracts of less than \$250,000, a Request for Tender process entailing all the procedures for Tendering outlined in Council's procurement process and the legislation must be followed in full.

### **Sole Source of Supply (Monopoly Suppliers)**

Where the purchasing requirement is over the value of \$1,500 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a Tender or quotation process. This is only permitted in circumstances where Council is satisfied and can evidence that there is only one source of supply for those goods, services or works.

Council must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the General Manager or Director, prior to a contract being entered into.

**Note:** The application of the "Sole Source of Supply" provision should only occur in limited cases and procurement experience indicates that generally not more than one supplier is able to provide the required goods and/or services.

### **Anti-Avoidance**

Council shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to avoid exceeding the Tender Threshold of \$250,000, thereby avoiding the need to undertake a public Tender process.

For the purpose of this Policy, a signed purchase order is considered to be a contract.

### **Emergency Purchases**

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to an emergency situation as provided for in the *Local Government Act 1993*. In such instances, quotations and Tenders are not required to be obtained prior to the purchase being undertaken.

An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by Council in advance and to allow sufficient time to obtain quotations and Tenders, whichever may apply. Emergency purchases must have approval from the General Manager or their Delegate.

## Varying a Contract

A Contract variation must only occur in the following circumstances:

- a) The variation is necessary for the goods or services to be provided; and
- b) The variation does not alter the underlying intent of the Contract; or
- c) The variation is a renewal or extension to the original termination date of the contract, in the circumstances when the original contract contained an allowance for such provision.

If the proposed variation does not meet the above conditions, a separate competitive purchasing process may be conducted in accordance with the relevant purchasing threshold.

The funds required to meet the cost of the variation must be available within the amount set aside in the Council adopted budget and must be approved in writing before commencement by a Council Official with the appropriate purchasing limit delegation.

## Records Management

Records of all Tenders, requests for quotation and other purchases must be retained in compliance with the State Records Act 1998.

### PROCUREMENT AUTHORITY LEVELS

The following table is a guide to the various levels of procurement authority within Council. As indicated below, each procurement level has a pre-determined level of expenditure subject to the specific requirements of each Council Officers position.

Where a Council Officer has no procurement authority, they will be automatically allocated procurement level zero.

| Procurement Level | Expenditure Value (Incl. GST) | Procurement tolerance limits  | Council Officer                          |
|-------------------|-------------------------------|---|--|
| 1                 | \$250,000.00 +                | Tender in accordance with Local Government Act and Regulations                | General Manager                          |
| 2                 | \$0 – \$249,999.99            | Seek public quotations from \$100,001 to \$249,999.99                         | Director                                 |
| 3                 | \$0 – \$100,000               | Three written quotes between \$50,001 and \$100,000                           | Director                                 |
| 4                 | \$0 – \$50,000                | Two written quotes between \$10,000 and \$50,000                              | Manager                                  |
| 5                 | \$0 – \$10,000                | Direct negotiation to \$5,000, one written quote between \$5,001 and \$10,000 | Supervisor/Coordinator                   |
| 6                 | \$0 – \$2,500                 | Direct negotiation and use of local suppliers where ever possible.            | Council Officer with delegated authority |

**Links to Policy**

Local Preference Purchasing  
Policy Corporate Credit Card Use  
Policy Complaints Handling  
Policy Related Party Disclosure  
Policy Fraud Control Policy  
  
Gifts, Bribes and Benefits Policy  
Statement of Business Ethics

**Links to Procedure**

Procurement Procedures

**Links to Forms**

Tendering checklist

**References**

Code of Conduct  
GHSC Risk Management Policy and Framework

**Responsibility**

All Council Officers with the authority to purchase.

**Document Author**

Director Community and Corporate Services

**Relevant Legislation**

Local Government Act 1993  
Local Government (General) Regulation 2005 Work Health and Safety Act 2011  
Work Health and Safety Regulations 2011 Government Information (Public Access) Act 2009

**Associated Records**

Nil