



CENTRAL HIGHLANDS REGIONAL COUNCIL POLICY	
TITLE: Procurement	POLICY REF NO: CHRCP: 0022

1. Policy Purpose

- 1.1. The purpose of this policy is to ensure that Council undertakes all procurement processes in accordance with legislative and regulatory frameworks.
- 1.2. The scope of this policy extends to all of Council's departments, including businesses and commercial units. It will be adhered to by all staff, contractors and consultants in the carrying out of Council's procurement processes and all associated activities. The scope of this policy excludes matters relating to the disposal of assets. These matters are incorporated in Council's Asset Disposal Policy.

2. Policy Statement

- 2.1. Procurement activities of Council are activities that are, or relate to, both direct purchasing (for example, via corporate credit cards) and the making of contracts for the carrying out of work, or the supply of goods and/or services as defined in the Act and Regulation. Contracts are generally related to, but not limited to the following categories:
 - 2.1.1. Building and construction (both minor and major works) some examples of minor works procurement may include:
 - a. replacing a section of water infrastructure;
 - b. resurfacing a car park;
 - c. road pavement repairs;
 - d. repairing a footpath; or
 - e. carrying out tree lopping.
 - 2.1.2. Some examples of Major works procurement may include:
 - a. construction of a new local government administration centre;
 - b. design and construction of a new water treatment plant; or
 - c. construction of an aquatic centre.
 - 2.1.3. Goods and/or general services may include:
 - a. labour hire;
 - b. contractor engagement;
 - c. recruitment;
 - d. stationery;
 - e. office furniture;
 - f. computer equipment;

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- g. cleaning services;
- h. security services; and
- i. lawn mowing.

2.1.4. Consultancy may include:

- a. legal services;
- b. accounting or business services;
- c. information technology services;
- d. human services;
- e. architectural or building design drafting;
- f. engineering services;
- g. community services; and
- h. town planning services.

3. Sound Contracting Principles, Social and Community Objectives

3.1. Integrated with Council's broader system of financial management, all procurement activity shall be carried out in a manner which ensures regard for the Sound Contracting Principles and its social and community objectives.

3.2. The Sound Contracting Principles are:

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

Value for Money

3.3. All procurement activities must consider the whole-of-life cost consequences of the procurement arrangement. However, the value for money concept is not restricted to price alone.

Value for money assessment includes the consideration of:

- a. cost related factors including whole-of-life costs and transaction costs that are associated with acquisition, use, holding, maintenance, and disposal of an asset;
- b. non-cost attributes such as fitness for purpose, service and support, quality, performance and productivity; and
- c. initial and ongoing technical compliance costs.

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Open and Effective Communication

- 3.4. All procurement activities are to be undertaken with the appropriate rigor and documentation to encourage and support supplier confidence through:
- a. transparency of process and decision making in all procurement activities;
 - b. maintaining confidentiality of offers, security of information and commercial-in-confidence material; and
 - c. maintaining good quality documentation of all request for quotes and tenders and evaluations of offers and recommendations.

Development of Competitive Local Business and Industry

- 3.5. Council is committed to the principle of the development of competitive local business and industry, and encourages the use of suppliers from across the region when entering into contracts for:
- a. the supply of goods or services;
 - b. the carrying out of works; and
 - c. the disposal of assets.
- 3.6. When an expression of interest, tender or quotation is evaluated, all other things being equal, it is council's preference to purchase locally. This is achieved by the application of local preference adjustments during the evaluation process.
- 3.7. Council may accept a tender submission or offer from a local supplier in preference to a comparable tender submission or offer from a non-local supplier even if the tender submission or offer from the non-local supplier has been assessed as more favorable in terms of one or more of the assessment criteria applied (including, but not limited to, price).
- 3.8. If overall differences are not substantial, and, it is clear that the selected local supplier can meet council's requirements at an acceptably high standard which is generally comparable to that of other offers, the local offer may be selected.
- 3.9. In cases of genuine emergency, the requirement to apply a local preference adjustment does not apply.

Local Preference/Content Evaluation and Weighting Criteria

- 3.10. A local preference adjustment is not simply the application of a price benefit/incentive to a local supplier, but is also a quantitative measurement that can be utilised in recognition of the physical presence of the supplier in the Central Highlands Council area and the demonstrated and/or actual accompanying social and economic benefits that this provides to Council.

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These benefits include:

- a. creation of new and/or maintenance of existing local employment opportunities;
- b. more responsive and readily available servicing support;
- c. closer and more convenient communication regarding progress, performance and measurement to enable effective and efficient contract administration and management;
- d. encouragement for the relocation of established businesses from outside the region to physically enter, establish and maintain a physical presence within the region;
- e. assistance to businesses to become sustainable;
- f. assistance to local businesses to remain competitive;
- g. support for economic growth within the local area; and
- h. returning value-added benefits to Council and its ratepayers from the associated local commercial transactions.

3.11. Council has, therefore, determined that an approach that combines price considerations and non-price weightings will deliver the best outcome. The combined approach is appropriate where an offeror can demonstrate some form of “local” economic benefit.

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Contracts with a Total Contract Sum Below \$200,000

- 3.12. Where the total contract value is between \$1 and \$199,000 in a financial year, and the supplier meets the definition of a Local Supplier as defined above, all offers shall have a 10% adjustment applied to price for evaluation purposes.
- 3.13. To facilitate council's desire to distribute work across the region, council will assign a higher weighting to those contractors/suppliers registered in the vicinity in which the work is being performed and where appropriate, a Locality Preference score will be applied.
- 3.14. For contracts below \$200,000 in value, 10% of the non-price evaluation criteria shall be allocated to local preference as follows:

Supplier Category	Scoring	Supporting Business
Supplier entitled to a locality preference.	10%	Economic and social benefits remain within the specific locality of the Central Highlands Region.
Local Supplier (Central Highlands Region)	7%	Economic and social benefits remain within the Central Highlands Region.
Vendors in Neighbouring Council regions	5%	Economic and social benefits remain within the Central Queensland Council area.
Vendors within the broader regions of Queensland	3%	Significant contribution and commitment being demonstrated across the broader Central/West Queensland area.
Other	0%	External to Central Queensland Region

- 3.15. The above table also accommodates those circumstances where supply is not possible from within the CHRC region but where it is advantageous for Council to acquire goods and services from the broader Central Queensland region in favor of more distant supply chain hubs with longer supply lines.
- 3.16. Council will also explore other ways of assisting competitive local business including the removal of red tape, streamlining payments processes, and reviewing payment terms.

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Contracts with a Total Contract Sum of \$200 000 and above

- 3.17. Where the total contract value will be in excess of \$200,000 in a financial year, all offers will be treated in accordance with the identified evaluation criteria and weightings detailed in Council's published invitation document and shall include a Local Preference weighting of up to 5%.
- 3.18. Tenders greater than \$1,000,000, will, where practical, have a demonstrated local content commitment equal to 30% of the contract sum. They will include acceptance by the tenderer of a key performance indicator (KPI) relating its achievement and an undertaking by the tenderer to track and report progress against the KPI.

Environmental Protection

- 3.19. Consideration must be given to support and promote sustainable outcomes through ensuring the necessary balance between environmental, economic and social aspects to maintain a high-quality environment as a source of competitive advantage such as:
- a. prevention or minimisation of waste;
 - b. use of recycled products and recycling facilities;
 - c. conservation of energy in buildings and use of equipment;
 - d. control of order of quantities to avoid stock build-up, minimise storage requirements and reduce possible obsolescence;
 - e. where possible, specification of environmentally friendly products in invitation to offer document; and
 - f. use of environmentally friendly products in the management of parks/recreational grounds and weed control on roads and kerbsides.

Ethical behaviour and Fair Dealing

- 3.20. Council is committed to the principles of ethical sourcing and respects Australian and international standards against criminal conduct and human rights abuses (e.g. international slavery). Council's policy is to include clauses aimed at preventing such abuses in its commercial documentation. Such clauses may include seeking a commitment to the standards and protocols established by the Consumer Goods Forum Human Rights Coalition or similar such organisations.

It is an expectation that all suppliers to Council will be actively working to eradicate any forced labour, slavery and human trafficking that might be present in their supply chain and will meet their reporting requirements under the Australian Modern Slavery Act 2018.

- 3.21. All procurement related activities are to be conducted honestly and in a manner that is fair to all parties, through a focus on:
- a. identifying, declaring and seeking advice on any perceived and/or actual situation that may give rise to a conflict of interest by any officer involved in

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the end-to-end procurement process, and ensuring perceived conflicts of interest are documented and recorded;

- b. ensuring that all procurement activities are undertaken in accordance with all legal, statutory and internal budgetary obligations; and
- c. providing ongoing procurement and contract training for all relevant staff prior to them exercising the financial delegation that commits council to a contract for the provision of goods and/or services.

Social & Community Objectives

3.22. Social procurement has been defined by the Queensland Government as using its purchasing power to generate social benefits, particularly employment. Principle 2 of the Queensland Procurement Policy states that is the Government's intention to increase spend with genuine, quality, social enterprises.

3.23. It is Council's objective to utilise its procurement purchasing power in support of its social and community initiatives and to support. emerging and established social enterprises and community organisations.

3.24. A social enterprise is one that exists to address social problems, diversity, improve communities and help improve the environment. A social enterprise is typically:

- a. a business that provides employment and training opportunities for marginalised groups (eg indigenous communities, persons with a disability);
- b. a not for profit business that derives most of its income from trade, not donations or grants and uses its profits to support social improvement initiatives; and/or
- c. an enterprise that provides products and services to meet a direct community or environmental need.

3.25. By leveraging even a small percentage of Council's procurement spend on such enterprises, by participating in initiatives such as Supply Nation membership and providing assistance to emerging indigenous, other cultural, diverse and sustainable social businesses, Council can achieve diversity across its supplier base and make a demonstrable difference within the Central Highlands region, in both socially and economically.

4. Financial Delegation and Authority

4.1. Under the Act, Council delegates to the Chief Executive Officer the power to enter into contracts on behalf of Council where they are in accordance with the Regulation, that:

- a. expenditure has been provided for Council's budget; or
- b. in the opinion of the Chief Executive Officer, such expenditure is required because of genuine emergency or hardship (the Act refers).

4.2. staff and/or contractors may only incur expenditure on behalf of Council as an

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authorised person if the officer has been granted a delegation by the Chief Executive Officer.

- 4.3. by authorising a requisition or purchase order, staff, consultants and contractors confirm that they have taken full notice of this policy and comply with all the requirements of this policy.

5. Reporting Requirements

- 5.1. Council must comply with the reporting requirements under the Act and Regulation (as amended). The Regulation requires that council:
 - a. Publish the relevant details of contractual arrangements worth \$200,000 or more (exclusive of GST) on council's website and display this information in a conspicuous place in council's public office. This information is to be published or displayed for a period of at least twelve (12) months. The nominated place of display of this information is the public noticeboard in council's Emerald office foyer.

An annual summary of this information will also be published in council's annual report. It is the responsibility of the incumbent (or person nominated as acting) in the role of Coordinator Procurement to maintain compliance with this requirement. The relevant details of a contractual arrangement includes the name of the person or organisation with whom council are in contract with, the value of this contract and the purpose of this arrangement (such as a description of the goods and/or services).

- b. Keep a list of registers kept by council and publish in the annual report. One of these registers will be the "Tenders, Quotes and Contracts register" maintained by the Procurement team in the Finance Unit, Corporate Services Department. It is the responsibility of the incumbent (or person nominated as acting) in the role of Coordinator Procurement to maintain the information in this register.
- c. Include in the Annual Report, the number of invitations to change tenders amended post-award during the financial year.
- d. This information is captured and reported from the "Tenders, Quotes and Contracts Register".

6. Execution

- 6.1. Council has adopted the "Default Contracting Procedures" as outlined in the Regulation.
- 6.2. Officers must keep records documenting their purchasing decision-making in accordance with the Sounds Contracting Principles in the carrying out of any direct purchasing, Request for Quotation and Expression of Interest/Request for Tender activities that comprise the procurement function. Record keeping obligations extend from the initial decision to invite offers through to the payment of invoices.

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Comprehensive records are to be maintained within Council's Electronic Records Management Systems.

- 6.3. The procurement of goods and/or services must be undertaken in accordance with the instructions and thresholds detailed hereunder and in accordance with Council's procurement procedure and associated documents. All monetary limits are exclusive of GST and refer to the total amount to be spent under the arrangement over a financial year, or, over the term of the arrangement. For example:
- 6.4. A contractual arrangement for the supply of a service over five (5) year period that is expected to be worth \$80,000 (excluding GST) each year has a value of \$400,000 (excluding GST) for delegation and approval purposes.
- 6.5. All purchases, other than those arranged via petty cash or purchasing card are to be made via a OneCouncil purchase requisition approved by the appropriate delegate. The purchase order generated by the requisition is to be placed with the supplier prior to goods and services being ordered and received. Supplier invoices that do not quote a purchase order number will be rejected. A listing of approved exceptions to this requirement will be established and maintained by the General Manager Corporate Services in consultation with the Executive Leadership Team
- 6.6. In the case of a genuine emergency, it might not be possible to arrange a purchase order in advance. In such cases, the purchase requisition is to be raised the next working day and an explanation (and relevant documentation) as to why the work was classed as an 'emergency' must be provided to the approving delegate.
- 6.7. Exemptions to the requirements of clauses 6.5 and 6.6 can only be authorised by the Chief Executive Officer or a General Manager.
- 6.8. Procurement must be conducted in accordance with the following thresholds:

Value of Purchasing or Contractual Arrangement	Execution (unless adopting a legislative exception)
SMALL SIZED CONTRACTS	
Up to the value of \$1,000.00 (excluding GST)	Seeking one (1) verbal or written quotation the details of which must be recorded or scanned into One Council and saved in the transaction record.
\$1,000.00 and less than \$7,500.00 (excluding GST)	Seeking two (2) verbal or written quotations the details of which must be recorded or scanned into One Council and saved in the transaction record.
\$7,500.00 and less than \$15,000.00 (excluding GST)	Seeking two (2) written quotations (request for quotation) which must be scanned and saved in the One Council transaction record.
MEDIUM SIZED CONTRACTS	
\$15,000.00 and less than \$200,000.00	Seeking three (3) written quotations

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(excluding GST)	(request for quotation) which must be scanned and saved in the One Council transaction record.
LARGE SIZED CONTRACTS	
\$200,000.00 (excluding GST) or more	Invite written tenders (Open Tender unless by expression of Interest process approved by council leading to shortlist, or, an exception approved by council resolution to restrict tenders)

- 6.9. Officers must not engage in the practice of “order splitting” to avoid the threshold requirements of this policy and associated legislative requirements.
- 6.10. Further details on Council’s methods and on the tools used to approach the market, and, the legislative exceptions to seeking tenders and quotations are detailed in the Council Procurement Procedure document.
- 6.11. Compliance with Council’s approved procurement policies and procedures is mandatory unless approved otherwise by the Chief Executive Officer or a General Manager.

7. Definitions

Central/West Queensland shall mean neighbouring regions to the Central Highlands region. Councils which fall under this category are Gladstone Regional Council, Isaac Regional Council, Mackay Regional Council, Banana Shire Council and Murweh Regional Council.

Central Highlands Region is the area defined by the Central Highlands Regional Council boundaries as approved by the Queensland State Government.

CEO shall mean Chief Executive Officer - a person who holds an appointment under section 194 of the *Local Government Act 2009*. This includes a person acting in this position.

CHRC shall mean *Central Highlands Regional Council*.

Community Organisation shall mean an organisation engaged in charitable or other community-based activity and not established for the purpose of making a profit but includes entities that pursue a range of ‘for-profit’ commercial activities that applies their profits to support social improvement initiatives.

Council shall mean Central Highlands Regional Council.

Employee shall mean a Local Government Employee, including:

- a. the Chief Executive Officer; or

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- b. a person holding an appointment under section 196 of the *Local Government Act 2009*.

GST shall mean Australia’s Goods and Services Tax.

Locality means the townships as defined on Council’s website.

Local Supplier is a supplier which:

- a. is beneficially owned by persons who are residents or rate payers in the Central Highlands Region; or
- b. has its principal place of business within the Central Highlands Region; or
- c. has a place of business within the Central Highlands Region which substantially employs persons who are residents or ratepayers of the Central Highlands Region.

Locality Preference refers to the circumstance where a supplier in a locality is bidding for work in that specific locality.

Neighboring Council means Blackall Tambo Regional Council, Barcardine Regional Council, Isaac Regional Council, Livingstone Shire Council, Rockhampton Regional Council, Banana Shire Council, Maranoa Regional Council and Woorabinda Aboriginal Shire Council.

Offer means an offer (normally priced) or response to an expression of interest, invitation to offer, request for quotation or invitation to submit a tender.

Registered Business shall mean a company or entity as defined by the Australian Securities and Investment Commission (ASIC) and that also appears as “Active” in the ASIC Business Name Register and as amended from time to time.

The Act shall mean the *Local Government Act 2009* (as amended).

The Regulation shall mean the *Local Government Regulation 2012* (as amended).

Whole of Life Cost (WoL) shall mean the total of all costs over the life of the good/service/work (i.e. acquisition, maintenance, and disposal costs).

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Strategic Link	Local Government Act 2009 (Qld) Local Government Regulation 2012 (Qld) A New Tax System (Goods and Services Tax) Act 1999 (Cth) Competition and Consumer Act 2010 (Cth) Information Privacy Act 2009 (Qld) Right to Information Act 2009 (Qld) Fair Trading Act 1989 (Qld)
Category	Procurement
Lead Business Unit	Procurement
Public Consultation	No
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Document Number	1018182
Record Keeping	ECM, Vine and Council website
Related Documents	Council Procurement Procedure Budget Policy Employee Code of Conduct Policy Code of Conduct for Councillors Policy Asset Disposal Policy Audit Committee Charter 2016 Information Management Policy Personal Benefit and Gift Procedure CHRC CEO to Employee or Contractor Delegations CHRC Council to CEO Delegations Social & Community Objectives Procurement Procedure Engagement and Use of Consultants and Contracts Policy Leasing of Property Policy

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