



CENTRAL TABLELANDS WEEDS AUTHORITY

(Legal Entity Upper Macquarie County Council)

Procurement Policy

Adopted by:	Upper Macquarie County Council
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Authorised by:	General Manager, Tim Johnston

Central Tablelands Weeds Authority

The Local Control Authority for weed biosecurity in the local government areas of Bathurst Regional Council, Blayney Shire Council, Oberon Council and Lithgow City Council.

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1. POLICY PURPOSE

The purpose of this policy is to set out the framework within which procurement of goods, works, and services is to be conducted by the County Council, and as a consequence delivering the desired public benefit and organisational value from procurement activity.

2. SCOPE OF POLICY

This policy is applicable to all relevant procurement of goods, works and services by or for the County Council using County Council funds or funds under its care and control.

Procurement is the acquisition of goods, works, and services – not just purchasing. The process begins with the basic ‘make or buy’ decision and then spans out to the ‘whole life’ of setting up and managing supplier arrangements. In contrast purchasing is just the process of buying or obtaining goods, works, or services from a supplier.

3. POLICY CONTEXT

Central Tablelands Weeds Authority (Legal Entity: Upper Macquarie County Council) is a County Council as per the Local Government Act (1993) (the Act), under Section 387 with an area of operations that covers the local government areas of Lithgow, Blayney, Bathurst and Oberon.

The policy is prepared taking into account the principles of sound financial management set out in the local government legislation.

4. POLICY POSITION

The County Council is committed to ensuring sustainable procurement practices by taking into consideration and responsibility for the economic, environmental, social and governance impacts of any purchase- products or services.

The County Council’s procurement policy, functions and procedures will be consistent with the provisions of relevant legislation, related County Council policies, and where applicable industry best practice.

The County Council sets out financial delegations through the respective instruments of delegation issued to the Chairman and General Manager from time to time.

Funds available for procurement activity are limited to those formally provided in the Annual Operating Plan and Annual Budget and from time through budget adjustments approved in the QBRS (Quarterly Budget Review Statement).

5. PROCUREMENT RISK

Risk management is important in procurement. An understanding and the application of risk management within County Councils procurement processes will provide opportunities for cost savings and improve quality assurance, while also reducing the possibility that unexpected events will occur and if they do occur lessen their impact.

Sustainable procurement takes into consideration a number of key concepts:

- the quadruple bottom line (QBL) – the central framework of sustainable procurement
- whole-of-life costs – a method to examine impacts on the QBL
- life cycle assessment – a tool similar to whole-of-life costs
- circular economy – a framework to consider alternatives to ‘take, make and dispose’ and
- community and social impact – considering options for positive societal impacts.

(Local Government NSW, 2017)

6. PROBITY

The County Council is committed to probity in the procurement process – that is a commitment to complete and confirmed integrity, transparency, uprightness and honesty in all procurement actions.

Probity contributes to sound procurement processes that accord equal opportunities for all participants. A good outcome is achieved when probity is applied with common sense, and when it is integrated into all procurement decision-making – not as a separate consideration. Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity. Ethical behaviour also enables the County Council's procurement activity to be conducted in a manner that allows all participating suppliers to compete as equally as possible.

Conflicts of interest may arise in the course of business operations, especially during the procurement process. Possible conflicts are extremely varied but include pecuniary interest, legal interests, relationships with external associations, and non-direct personal interests.

Importantly in carrying out one's duties, County Council requisitioner must not allow themselves to be improperly influenced by family, personal or business relationships.

Fraud and corruption is dealt with under the County Council's Code of Conduct and such standards set out therein apply equally to tenderers, contractors, and suppliers as well as their employees and subcontractors when engaged by the County Council.

Key elements applicable in the procurement process are:

- (a) behaving honestly and with integrity,
- (b) not making improper use of any inside information, status or power or authority - in order to gain a benefit for one's self or any other person; and
- (c) at all times behaving in a way that upholds the values, integrity and good reputation of the County Council.

7. QUADRUPLE BOTTOM LINE

A key concept that is to be considered during any of the County Council's procurement activities is the "Quadruple Bottom Line" (Visram, 2022) The quadruple bottom line consists of 4 ways in which to measure a firm's value.

They are:

1. **Profit** – being the financial bottom line shown as profitability at the end of an income statement.
2. **People** – being the social bottom line of how socially responsible the County Council is and of how it treats people.
3. **Planet** – being the environmental bottom line demonstrated by how ecologically minded the County Council is.
4. **Purpose** – being the County Council's motives in contributing to the community and society in general.

8. AUTHORISATION TO PURCHASE

In order for staff to carry out their responsibilities effectively, they must exercise appropriate authority to purchase goods and services for their area of responsibility. It is the responsibility of the County Council's General Manager to ensure their staff are delegated appropriate authority in line with their level of responsibility and accountability. It is the responsibility of each individual staff member to ensure that they operate within the limits of their delegations. The staff member **must** be able to demonstrate how they have considered the quadruple bottom line and any risks associated with the procurement of a good or service.

To contribute to evidencing the consideration of the quadruple bottom line, the staff member must be able to produce the following:

Purchase price (either 1 off purchase or per annum spend)	Required evidence
\$0 - \$1,000	1 estimate
\$1,000 - \$10,000	1 written quote
\$10,000 - \$50,000	3 written quotes and a documented risk assessment
\$50,000 - \$250,000	Request for quote (RFQ) from market including documented risk assessment.
\$250,000 and above	Tender process including documented risk assessment.

9. PROCUREMENT HIERARCHY

For procurement requiring a purchase order, that is purchasing that is not on a subscription/contract basis which has already been through a risk-based analysis or requiring a tendering process, the hierarchy shall be as follows:

Requisitioner	Independent Authoriser
General Manager	Chairperson
Biosecurity Operations Manager	General Manager
Biosecurity Administration Manager	General Manager
Field/Operational Staff	Biosecurity Operations Manager/Biosecurity Administration Manager

For delegation limits refer to the County Council's Instrument of Delegations.

10. BUDGET LIMITATIONS

Apart from delegated authority to purchase, it is essential that funds are available for purchase prior to any commitment being made. This means that a financial allocation must have been made by the County Council in the Annual Operational Plan or subsequent reviews for the purpose to which the proposed purchase applies.

For special projects, contribution works and grant works not specifically detailed in the Annual Operational Plan, approval to purchase is dependent on the funds being available. These funds must either be received or committed in writing by the funding body, and accepted by the County Council. The level of expenditure on goods, works and services is then authorised as per the works estimate. Purchasing is then subject to standard procedure.

Subject to Trade Practices and National Competition Policy requirements, where appropriate, a preference may be given to Bathurst, Lithgow, Blayney and Oberon Region based suppliers for satisfactory goods of identical properties to those offered by suppliers based outside the Bathurst, Lithgow, Blayney and Oberon Region.

Where it is intended to use this clause it must be clearly notified to all prospective suppliers prior to the closing date for receiving quotations or tenders.

11. TENDERING

Local Government Act (1993) s.55 stipulates the requirements for tendering before entering into a new contract, however there are some exemptions. These exemptions are listed from s.55(3)(a) to (q). (NSW Government, n.d.). The County Council will adhere to all legislative requirements when the need for a tender arises.

12. REQUEST FOR QUOTE (RFQ)

Similar to the tendering process, the County Council will use a request for quote process on purchase price values that are more than \$50,000 and less than \$250,000. This will ensure that the significant amount of public money is spent in accordance with the quadruple bottom line principles, however not overextending all those involved to extensive administration.

13. PROCUREMENT RULES

The following list highlights some of the key rules that apply to County Council procurement activities.

1. Procurement 'value' refers to the total sum of the projected value of a procurement taking into account all costs paid to the supplier/ contractor over the life of the procurement contract. *(E.g. For a 'good' it will be the purchase price plus any ongoing service fees and consumable fees; for a 'works' contract it will be the lump sum price (if any) paid over the term of the contract including all schedule of rate works forming the contract or added to the contract.)*
2. 'Order Splitting' with the intention of avoiding upper procurement value thresholds is inconsistent with the objectives of the procurement system and is prohibited.
3. No contract can be entered into with any party, other than a constituent council, for a period exceeding 5 years. This includes all possible options and extensions).
4. Professional Indemnity insurance is not to be required unless professional services are being supplied AND it is the County Council's intention to rely on the advice or information provided by the supplier.
5. Public Liability Insurance is required for all 'on the ground' works and services with a minimum required value of \$10,000,000 and for 'in the air' works and services with a minimum required value of \$20,000,000. A greater amount may be required in some circumstances – with prior approval from the General Manager.
6. Where a good, work or service can be obtained through a government contract under a State or Local government purchasing program, then that should be the preferred procurement route unless it clearly does not meet the County Council requirements.
7. The County Council may use a constituent council supplier arrangement (prequalification scheme, standing offer, etc) with the agreement of the constituent council.
8. A supplier arrangement must not mandate previous government experience – i.e. such experience must not be an essential assessment criteria.
9. Notwithstanding anything set out in this policy where tendering is involved it must be implemented in strict accordance with the Local Government Regulation (2005)

14. FLEET PROCUREMENT

The County Council vehicle fleet has an essential role in delivery of the County Council's annual program of works and the associated quality of its role as a local weed control authority. Accordingly, *procurement* of the fleet involves not only the simple disposal and purchase of appropriate vehicles from time to time, but it also includes important 'life-cycle' management and 'fit-for-purpose' decisions.

It is the County Council Policy to routinely fund the purchase of fleet vehicles from the internally restricted Plant & Vehicle Replacement Fund account, and as part of the annual end-of-year adjustments transfer the cash value of the annual budgeted depreciation amount into the Plant & Vehicle Replacement Fund account to replenish it.

Within the above context, strategic management of the fleet will be undertaken according to the following standards:

- The County Council will purchase vehicles for the fleet through accessing fleet purchase schemes available to the whole of Local Government.
- Turnover of vehicles will generally take place after ownership of between 5 and 7 years (depending on individual vehicle use and condition) and targeting less than 200,000kms on the odometer.
- The fleet will primarily be comprised of appropriate 4WD commercial utility vehicles.
- Specification of essential and optional vehicle requirements will be objectively established prior to each procurement action - based on work requirement, work health and safety, and risk management considerations.
- Safer and more fuel-efficient models will be prioritised provided key operating 'fitness for purpose' characteristics are not compromised.
- Procurement selection weightings will skew towards vehicle quality, reliability and fitness for purpose criteria, rather than price. (i.e., typically, 'non-price' criteria would be 60-70% and 'price' criteria 30-40%).
- Monitor individual and model type annual operating costs as an indicator of a vehicle's resilience / reliability and hence an earlier or later optimum replacement decision.

References

Local Government NSW. (2017). Sustainable Procurement Guide for local government in NSW. Australia.

NSW Government. (n.d.). *NSW Legislation*. Retrieved from Local Government Act 1993:
<https://legislation.nsw.gov.au/view/html/inforce/current/act-1993-030#sec.55>

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<https://www.enkel.ca/blog/accounting/the-quadruple-bottom-line/>