

I. INTRODUCTION

The Legatus Group ('LG') is seeking to ensure compliance with Section 49 of the Local Government Act 1999 (Act), LG should refer to this policy (Policy) when procuring goods and services.

I.1 Section 49 of the Act requires the preparation and adoption of policies on contracts and tenders on:

- a) the contracting out of services; and
- b) competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- c) the use of local goods and services.

I.2 Furthermore, Section 49 (a1) of the Act requires the development and maintaining of policies, practices and procedures directed towards:

- a) obtaining value in the expenditure of public money; and
- b) providing for ethical and fair treatment of participants; and
- c) ensuring probity, accountability and transparency in all operations.

I.3 This Policy seeks to:

- a) define the methods by which LG can procure goods and services;
- b) demonstrate accountability and responsibility of LG to Constituent Councils;
- c) be fair and equitable to all parties involved;
- d) enable all processes to be monitored and recorded; and
- e) ensure that the best possible outcome is achieved for LG.

I.4 This policy does not seek to cover the purchase of land or buildings or any related land assets.

2. POLICY OBJECTIVES

LG aims to achieve advantageous procurement outcomes by:

- a) enhancing value for money through fair, competitive, non-discriminatory procurement;
- b) promoting the use of resources in an efficient, effective and ethical manner;
- c) making decisions with probity, accountability and transparency;
- d) advancing and/or working within LG economic, social and environmental policies;
- e) providing reasonable opportunity for competitive local businesses to supply to LG;
- f) appropriately managing risk; and
- g) ensuring compliance with all relevant legislation.

3. PROCUREMENT PRINCIPALS

LG must have regard to the following principles in its acquisition of goods and services:

- 3.1 Encouragement of open and effective competition
- 3.2 Obtaining Value for Money

- 3.3 This is not restricted to price alone.
- 3.4 An assessment of value for money must include, where possible, consideration of:
 - 3.4.1 the contribution to LG long-term plan and strategic direction;
 - 3.4.2 any relevant direct and indirect benefits to LG, both tangible and intangible;
 - 3.4.3 efficiency and effectiveness of the proposed procurement activity;
 - 3.4.4 the performance history, and quality, scope of services and support of each prospective supplier;
 - 3.4.5 fitness for purpose of the proposed goods or service;
 - 3.4.6 whole of life costs;
 - 3.4.7 LG internal administration costs;
 - 3.4.8 technical compliance issues;
 - 3.4.9 risk exposure; and
 - 3.4.10 the value of any associated environmental benefits.
- 3.5 Probity, Ethical Behaviour and Fair Dealing LG is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.
- 3.6 Accountability, Transparency and Reporting
- 3.7 Ensuring compliance with all relevant legislation
- 3.8 Encouragement of the development of competitive local business and industry and where the evaluation criteria are comparable, LG may consider the following:
 - 3.8.1 the creation of regional employment opportunities;
 - 3.8.2 increased availability of regional servicing support;
 - 3.8.3 increased convenience with communications with the supplier for contract management;
 - 3.8.4 economic growth within the LG area;
 - 3.8.5 benefit to LG of associated regional commercial transaction;
 - 3.8.6 the short and long term impact of the procurement on regional business;
 - 3.8.7 a recommended 10% price differential - up to a maximum of \$5,000 (ex GST) be considered when assessing the procurement of goods and services sourced from the regions supplier with its principal place of business based in the LG region; and
 - 3.8.8 an annual report be prepared and submitted to LG highlighting the impact of the 10% price differential on LG.

3.9 Environmental protection

LG will seek to:

- 3.9.1 adopt purchasing practices which conserve natural resources;
 - 3.9.2 align the LG procurement activities with principles of ecological sustainability;
 - 3.9.3 purchase recycled and environmentally preferred products where possible;
 - 3.9.4 integrate relevant principles of waste minimisation and energy;
 - 3.9.5 foster the development of products and services which have a low environmental impact;
- 3.10 The procurement of all goods and services must be undertaken in accordance with all relevant LG Workplace Health and Safety Policies and procedures.

3.11 Insurance & Indemnities

- 3.11.1 Contractors shall ensure they have a current minimum \$20m Public Liability Insurance cover; however lesser amounts to \$10m may be negotiated subject to adequate Risk Management evaluation.
- 3.11.2 Where applicable, Contractors shall ensure they have a current minimum \$5m Professional Indemnity Insurance cover.
- 3.11.3 Where applicable, Contractors shall ensure they have up to \$20m Products Liability Insurance cover.

4. PROCUREMENT METHODS

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for LG – in such instances, other market approaches may be more appropriate. LG may, having regard to its Procurement Principles and any other factors considered relevant by LG, in its absolute discretion determine to utilise one or more of the following procurement methods:

3.12 Direct Purchasing: This is where LG purchases from a single source, without first obtaining competing bids.

- 3.12.1 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.
- 3.12.2 Petty cash or credit cards may be utilised for this procurement method.

3.13 Quotations (Informal): This is where LG obtains quotations from prospective suppliers.

- 3.13.1 Generally, a minimum of two to three quotations are sought.
- 3.13.2 Where possible, LG must insist on written quotes.
- 3.13.3 If a written quote cannot be obtained, LG must keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote.
- 3.13.4 This method may be suitable for low value, low risk goods and services.

3.14 Request for Quotations (RFQ): This is where LG obtains written quotations from prospective suppliers and a minimum of three written quotations are sought. This method may be suitable for simple, largely price-based purchases.

3.15 Requests for Expressions of Interest (REOI): This is where LG issues an open invitation for a proposed goods and/or service. This method may be used where there is potentially a large market for the proposed goods and/or service, and LG would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.

3.16 Request for Tenders (RFT): This is where LG issues a tender for a proposed goods and/or service. This method may be used where there is potentially a large market for the proposed goods and/or service, and LG would like to be able to prepare a short list of suppliers to then invite to participate in a tender process. LG may issue a “Select” Request for Tender where it

has already issued a REOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers. Otherwise, LG may issue an “Open” Request for Tender.

5. CONSIDERATIONS

The appropriate method of procurement will be determined by reference to a number of factors, including that the funds have been allocated within the current budget:

Value of Purchase (\$) ex GST	Possible Method of Procurement
Less than \$20,000	Direct Sourcing - No quotations necessary
Between \$20,001 and \$50,000	Quotations (Quotations x2min)
Between \$50,001 and \$100,000	SRFT (Select Request for Tender)
Over \$100,000	RFT (Request for Tender)
As Required	REOI (Request for Expression of Interest)

6. EXEMPTIONS

This Policy contains general guidelines to be followed LG in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for LG, and other market approaches may be more appropriate. In certain circumstances, the LG may, after the recommendation from the CEO, waive application of this Policy and pursue a method which will bring the best outcome for LG. LG must record its reasons in writing for waiving application of this Policy.

7. REVIEW

This procedure shall be reviewed by LG within (2) two years of the date of issue.

SIGNED: 

Chief Executive Officer

Date: 12 June 2020