



## PROCUREMENT POLICY

Type:	Council Policy		
Owner:	Director, Corporate Services		
Responsible Officer:	Chief Executive Officer		
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Legislation Reference:	Division 12 of the Local Government (General) Regulations 2021		

### 1 PURPOSE

Katherine Town Council purchases goods and services from a range of organisations as part of its normal operations to meet its key objectives. The Local Government (General) Regulations 2021 outline a range of minimum standards with which Council must comply.

The purpose of this policy is to provide guidance for consistency and control over procurement activities that demonstrate accountability to the Katherine community and apply best practice elements in purchasing.

### 2 SCOPE

This Policy applies to all Council staff that undertake purchasing activity for and on behalf of Council.

### 3 DEFINITIONS

**Big Rivers Region** means the geographical area comprising the local government areas of Katherine Town Council, Roper Gulf Shire Council and Victoria Daly Shire Council. The Region begins south of Kakadu National Park encompassing Pine Creek, extending over 500km south to Kalkaringi and stretching across the width of the Territory between western Australia and Queensland borders.

**Collective procurement** means a procurement group of two or more entities (a council; a local government subsidiary; Local Government Association of the Northern Territory) that propose to obtain supplies may form a group (a procurement group) to act collectively for the purpose of obtaining the supplies.

**Commercial-in-confidence** means information that, if released, may prejudice the business dealings of the party (e.g., discounts, rebates, profits, methodologies and process information). It is information provided for a specific purpose that is not to be used for any other purpose than set out in the initial document.

**Delegation** means a legislative power given by the Council or Chief Executive Officer in an instrument to enable a delegate to act on Council's behalf.

**Director** means the Council Director with reporting responsibility for the Purchasing Officer.

**Emergency** means a sudden or unexpected occurrence requiring immediate action.

**Evaluation panel** means a panel of Council staff members appropriately skilled to undertake and determine the evaluation of a supplier.

**Expression of Interest (EOI)** means an invitation for persons to submit a proposal for the provision of the goods, works and services which generally set out the overview of requirements contained in the document. This invitation does not constitute an offer or contract.

**Local Buy** means a contractual arrangement established by the Local Government Association of Queensland with the LGANT as a signatory that enables Council to purchase a variety of goods and services from accredited suppliers without tendering.

**Local supplier** means a supplier operating in the Northern Territory, particularly Katherine or the Big Rivers Region, with significant permanent resources and employing Northern Territory residents.

**LGANT** means the Local Government Association of the Northern Territory.

**Procurement** means the whole process of acquisition of external goods, works and services. This process spans planning and design; standards determination and specification writing; preparation of quotation and tender documentation; selection of suppliers, financing, contract administration, disposals, and other related functions.

**Purchase Order** means the official document used by Council to record the purchase of goods and services. It contains Council's Standard Terms and Conditions, is produced by Council's finance system and signed by the Chief Executive Officer.

**Purchasing Officer** means the person making the purchasing decision, or providing a recommendation about a purchasing decision, in accordance with appropriate approvals, financial delegations and relevant policies.

**Quotation** means the process of inviting parties to submit a quotation for the supply of goods or services, followed by evaluation of submissions and selection of a successful respondent.

**Tender process** means the process of inviting parties to submit a tender by public advertisement, followed by evaluation of submissions and selection of a successful tenderer.

**Threshold** means the value above which a procurement, unless exempt, is subject to the mandatory procurement process.

**Value-for-Money** means selecting the supply of goods, works and services taking into account both cost and non-cost factors including contribution to the advancement of the Council's priorities; non-cost factors such as fitness for purpose, quality service and support, project delivery, risk, economic contribution to the municipality, financial capacity; and cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

The primary goal of any Council procurement activity is to achieve the best value-for-money outcomes for the Katherine community. This does not just entail the price, but broader considerations such as whole of life costs, past performance, commercial and other risks, and local factors. The lowest price may not always be the best overall option.

Under Regulation 33 of the Local Government (General) Regulations 2021, a council must, by resolution, adopt a policy for the procurement of supplies that considers the following principles:

- (a) the enhancement of the capabilities of local enterprises and industries
- (b) the employment of Aboriginal people
- (c) ethical behaviour and fair dealings
- (d) environmental protection and sustainability
- (e) open and effective competition
- (f) value-for-money, and
- (g) any other principle the council considers appropriate.

All monetary values stated in this policy **include GST** unless specifically stated otherwise.

The Chief Executive Officer has the discretion in emergency circumstances to waive all or part of the procurement policy and procedures.

#### **ETHICAL BEHAVIOUR AND FAIR DEALINGS**

Council's procurement activities shall be performed with integrity and in a manner able to withstand scrutiny.

Elected members and Council staff shall always conduct themselves in ways that are ethical and will:

- Treat potential and existing suppliers with equality and fairness
- Not seek or receive personal gain or use Council's name or purchasing power to make purchases other than for Council use
- Maintain confidentiality of competing companies' information, such as pricing, specifications, quotations, tender, bid or any other commercial-in-confidence information
- Present a high standard of professionalism and probity
- Deal with suppliers in an honest and impartial manner that does not allow conflicts of interest
- Provide all suppliers and tenderers with the same information and equal opportunity
- Be able to account for all decisions and provide feedback on them, and
- Maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or members of the community regarding Council's procurement activities.

Elected Members and Council staff must always avoid situations in which private interests or conflict might reasonably be deemed to have the potential to conflict with their Council duties and they should not participate in any action or matter associated with the arrangement of a contract including evaluation, negotiation, recommendation, or approval, where that person or any member of their immediate family has a direct or indirect interest or holds a position of influence or power in a business undertaking tendering for the work. The onus is on the Elected Member and Council staff involved, to promptly declare an actual or potential conflict of interest to Council or the Chief Executive Officer where relevant, in accordance with Council's Code of Conduct for Employees and Elected Members.

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote. Impartiality must be maintained in selecting contractors and suppliers so that it can withstand public scrutiny. The commercial interests of existing and potential suppliers must be protected.

## ACCOUNTABILITY AND TRANSPARENCY

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable. All procurement activities are to leave an audit trail for monitoring and reporting purposes.

## RESPONSIBLE FINANCIAL MANAGEMENT

The principles of responsible financial management in accordance with the *Local Government Act 2019* and its Regulations shall be applied to all procurement activities. Where the quotation/tender sum exceeds budget allocation, Council shall review the project scope and submit a report for expenditure variation to the allocated budget for further consideration.

Council staff must not authorise the expenditure of funds exceeding their financial delegations. Council funds must be used efficiently and effectively to procure goods, works and services and every attempt must be made to contain the costs of the procurement process without comprising any of the procurement principles set out in this Policy.

## CONFIDENTIALITY OF INFORMATION

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices (other than the price of the successful tenderers own fixed price lump sum contract), discounts, rebates, profit, manufacturing and product information.

Information received by the Council that is commercial-in-confidence must not be disclosed and is to be stored in a secure location. Elected Members and Council staff are to maintain confidentiality of procurement information by not discussing or releasing:

- Information disclosed by organisations in tenders, quotation or during tender negotiations
- Commercial-in-confidence information; and
- Pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Elected Members and Council staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests. Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt or clarify on what is being offered by that supplier. At no stage should any discussion be entered into which could have potential contractual implications prior to the contract approval process being finalised.

Tenderers are however advised that a report on a tender process may be presented at an open meeting of Council, and some information arising from the tender will be publicly available for three (3) years from the date of the awarded tender. Refer to Regulation 36(11).

Only successful tenders will be presented in open meetings of Council and published. Any other tendering reports are dealt with in closed meetings.

## LOCAL SUPPLIER PRINCIPLE

Council supports the enhancement of the capabilities of local, Katherine-based businesses and industries, and will seek to ensure that local suppliers have opportunities to bid for the supply of goods and services. This also applies across the Big Rivers Region.

Local supplier criteria weighting of 30% will be applied to the assessment process for the purpose of value for Katherine/Big Rivers Region, local development and value adding. The assessment will consider a local content test. Local content assessment will consider principles such as, but not limited to:

- Employment
- Up-skilling and capability building
- Local industry participation
- Local and regional development initiatives.

While Council is committed to supporting local suppliers, there are certain types of goods and services that cannot be purchased from within the Territory.

## METHODS OF PROCUREMENT

Council's procurement methods for purchasing goods, works and services are:

- purchase order for goods under \$10,000
- purchase order following a quotation process for items valued between \$10,000 but less than \$100,000
- under contract following a public quotation process where the value is between \$100,000 and \$150,000
- under contract following a multi-stage tender where the value exceeds \$150,000
- preferred supplier panel of pre-qualified businesses
- petty cash or credit card for smaller items in accordance with relevant policies, or
- under collective purchasing agreements with other Councils, Local Buy or similar commercial schemes.

Council can utilise the Local Buy procurement arrangement administered by the Local Government Association Queensland as a procurement method. Quotations and tenders are not required for a supply if the supply is to be facilitated through the procurement entity's arrangements with Local Buy Pty Ltd, as set out in the document titled Memorandum of Understanding between Local Buy Pty Ltd and LGANT for the period 1 July 2020 to 30 June 2025.

Typically, a multi-stage tender process may commence with a registration/expression of interest stage followed by a tender process involving the organisations selected from the registration of interest stage. Expressions of Interest (EOI) may be appropriate where:

- Council wishes to consider ahead of the formal tender process such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project
- Tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement do not incur unnecessary expense
- Council wishes to determine the level of interest of suppliers or vendors tendering for the provision of goods, services or works
- It is necessary to pre-qualify suppliers and goods to meet defined standards, or
- Council is required to gain a greater understanding of its needs, the availability of relevant goods and services and the likely costs on the open market.

## PROCUREMENT PROCESS AND THRESHOLDS

Council's procurement processes will ensure:

- more than one person is involved in a transaction end to end
- transparency in the procurement process
- a clearly documented audit trail exists for procurement activities
- appropriate authorisations are obtained and documented, and
- systems are in place for appropriate monitoring and performance measurement.

The following procurement thresholds apply:

### Purchases with a value of \$10,000 or less

The Purchasing Officer is not required to seek quotations, but quotations may be sourced if there are multiple suitable suppliers. Refer to Regulation 34(1).

### Purchases with a value between \$10,001 and \$99,999

The Purchasing Officer is required to obtain three written quotations from local suppliers that can provide the required product or service and make a recommendation to the Director on the preferred supplier, including reasons. The Director must verify the successful quotation and certify (with reasoning) if it is impractical to obtain three written quotations. This information is to be kept on file. The Purchasing Officer may elect to undertake a public tender process. Refer to Regulation 34(2) and (3).

### Purchases with a value between \$100,000 and \$149,999

The Purchasing Officer is required to undertake a public request for quotation from suppliers by notice published in a newspaper circulating in Katherine and by notice on the Council's website. At least three written quotes from all local businesses that can provide the required product or service should be sought, with a recommendation made to the Director on the preferred supplier, including reasons. The Director must verify the successful quote and certify (with reasoning) if it is impractical to obtain three written quotations. This information is to be kept on file. The Purchasing Officer may elect to undertake a public tender process. Refer to Regulation 35.

### Purchases more than \$150,000

Purchase of all goods and services for which the estimated expenditure exceeds \$150,000, (inclusive of GST) must be undertaken by public tender. Such expenditure value should be based on the anticipated aggregated expenditure value over the period of engagement. Refer to Regulation 36.

**It is a breach of Regulation 43 to split purchases to manipulate the quotation and tender thresholds.**

## ASSESSMENT OF QUOTATIONS

A formal assessment of quotations is to be undertaken by an appropriate officer having regard to, but not limited to, the following criteria:

- Track record of the supplier (general reputation for work competence, delivery, service, etc.)
- Product quality (quality standards, suitability etc.)
- Technical expertise (credentials of key personnel, systems and techniques, depth and nature of support)
- Time performance (ability to provide goods or services on time)
- Price (type of fee, contingencies, terms and conditions). Price should not be limited to up-front purchase price alone, as this may distort the true long-term costs to Council. 'Price' should also include consideration of life cycle costs and incorporating issues such as cost of installation, maintenance, replacement and disposal costs, if relevant.
- The ability of supplier to demonstrate compliance with current Occupational Health & Safety and environmental legislation applicable to the contracted works.
- Enhancement of the capabilities of local businesses (goods/services supplied locally, skills/knowledge transfer to local firms).

Successful and unsuccessful firms/persons submitting quotations are to be notified as soon as possible after acceptance. The issue of a Council purchase order will constitute acceptance of a quotation.

Justification for the decision/s must be documented and recorded.

## PUBLIC TENDER PROCESS

Council tender documentation including description and scope of works and tender response forms can be obtained through the Tenderlink e-tender portal available on the website. Hard copies are also available from the Civic Centre.

All tenders must be lodged by the date and time stated for closing tenders. Generally, Council will not accept late tenders, except where it can be substantiated that:

- There was a Council related system failure/interruption in the case of submission of an electronic tender, or
- Access was denied or hindered in relation to the physical tender box.

The Chief Executive Officer can accept a late tender where it can be determined the above circumstances prevailed at the time of attempted lodgement.

Each tender shall be accompanied by the Response Schedule and Schedule of Rates and be submitted on the forms required by the specifications and lodged in e-tender or hard copy by the closing date.

Tenders may be lodged either by:

- **An Electronic Tender Box (ETB)** - Tenderlink e-tender portal: (each e-Tender will have its own unique ETB).
- **By hand** into the Tender Box at the Civic Centre, Stuart Highway, Katherine
- **By prepaid post, air freight or courier service** to the Katherine Town Council – Po Box 1071 KATHERINE NT 0851
- **By facsimile** (08) 8971 0305, provided:
  - The facsimile includes complete details of the tendered price, any qualifications, conditions or alternatives applicable.
  - A conforming written tender has also been lodged for transmission by post, air freight or courier service before the date and time stated;

- Details in the facsimile agree with those in the conforming tender.

Tenders should be addressed to the Chief Executive Officer and marked for the attention of the Director of Infrastructure and Environment unless otherwise stated.

Tenders will be opened as soon as practicable after the closing date and time. Tenders will be assessed using Council's Value for Money process by an evaluation panel of three (3) members of the council's staff nominated by the Chief Executive Officer and a report prepared for consideration by Council.

Council's non-priced criteria weightings are as follows:

- Past performance 15%
- Local development 30%
- Value-adding 5%
- Capacity 20%

The Chief Executive Officer will provide the report to Elected Members for discussion and approval of the successful tenderer.

Council will give notice of the successful tender in writing to the successful tenderer and each of the unsuccessful tenderers.

A notice of the successful tender including the name of the person/company who submitted the successful tender, the supplies to be provided, and the tender price will be published on the Council's website.

## EXCEPTIONS FROM PROCUREMENT POLICY

In accordance with Regulation 38 of the Local Government (General) Regulations 2021, quotations and tenders are not required for the following:

- supplies consisting of, or related to the purchase of land, including the leasing of land
- a contract for legal services
- the acquisition of insurance entered into through a broker
- the renewal of an existing licence
- if the supplies are to be obtained under a contract to which any of the following is a party:
  - the Northern Territory Government
  - the Commonwealth Government
  - a State or another Territory Government
  - another council or local government subsidiary
- recovery work during or immediately after a natural disaster or other emergency
- a telecommunications service, or ancillary service
- education or training in relation to existing equipment, licences, qualifications or software from a supplier.



## 5 ASSOCIATED POLICIES/DOCUMENTS

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Credit card policy for Council staff  
Credit card policy for CEO and Elected Members  
Code of Conduct for Elected Members  
Code of Conduct for Employees  
Conflicts of Interest policy  
Gifts and Benefits policy  
Confidential information policy  
Value for Money process

## 6 REFERENCES AND RELATED LEGISLATION

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*Local Government Act 2019*  
Local Government (General) Regulations 2021

### Revision History

Version	Approval date	Details of change	Responsible officer
1	July 2008	Initial policy	CEO
2	May 2015	Revision	CEO
3	May 2016	Revision	CEO
4	Nov 2016	Revision	CEO
5	Sept 2019	Revision	CEO
6	June 2022	Revised for compliance with new legislation and updated	Director, Corporate Services