PROCURMENT POLICY

Intent: This document sets out Cairns Regional Council’s policy for the acquisition of goods and services and applies to all procurement activities of Council.

Scope: This policy applies to the procurement of all goods, services, equipment, construction contracts and service contracts (including maintenance). The policy:
- refers to procurement activities across the whole of Cairns Regional Council (Council);
- applies to all materials, products and services procured by Council, including items procured by third parties (such as contractors) acting as representatives for Council; and
- acknowledges that Council cannot achieve its quadruple bottom line (economy, environment, governance, community) on its own and will require the assistance and support of suppliers and relevant organisations.

DEFINITION OF PROCUREMENT

"Procurement" means purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment and related services, construction contracts and service contracts to Council, council officers and agents unless specifically exempted under the provisions of this policy.

PROVISIONS

Introduction
All Council procurement must be carried out in compliance with the Local Government Act 2009 and the Local Government Regulation 2012 (the Regulation).

Objectives
Council’s procurement activities aim to achieve beneficial outcomes by:
- promoting value for money with probity and accountability;
- advancing Council's economic, social and environmental policies;
- providing reasonable opportunity for local businesses to supply to Council;
- promoting compliance with relevant legislation; and
- promoting continuous improvement and best practice in procurement activities.

Responsibility
Council officers are required to:
- adhere to the "sound contracting principles" as stipulated in the Local Government Act 2009;
- preserve Council’s integrity in the procurement process to ensure that Council acts beyond reproach in all dealings; and
- abide by Council’s Code of Conduct (#931166) and all applicable policies and instructions, including declaration of any conflict of interest.

SOUND CONTRACTING PRINCIPLES

Council officers must have regard to the following contracting principles in all procurement activities:
Value for money
The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:
- contribution to the advancement of Council’s priorities and strategic objectives;
- fitness for purpose, quality, services and support;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- internal administration costs;
- technical compliance issues;
- risk exposure; and
- benefit to the community (e.g. employment of local manpower/contractors).

Open and effective competition
Procurement must be open and transparent, and result in effective competition in the provision of all goods and services. Council must give fair and equitable consideration to all prospective suppliers.

The development of competitive local business and industry
Council encourages development of competitive local business and industry when entering into:
- contracts for the supply of goods or services, and
- contracts for the carrying out of works.

In this policy, the definition of a "local supplier" is a supplier which:
- is beneficially owned and operated by persons who are residents or ratepayers of the Local Government area of Council; or
- has its principal place of business within the Local Government area of Council; or
- otherwise has a place of business within the Local Government area of Council that solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.

Environmental protection
Council promotes environmental protection and responsibility through its purchasing procedures. In undertaking procurement activities Council will endeavour to:
- promote the procurement of environmentally friendly goods and services that satisfy value for money criteria;
- foster the development of products and processes of low environmental and climatic impact;
- provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- encourage environmentally responsible activities.

Council may also consider the following:
- the environmental performance of prospective contractors or suppliers;
- the selection of products that may have a reduced impact on human health and / or the natural environment; and
- the environmental impact and performance of a requested product, such as energy and / or water efficiency rating, fuel efficiency, durability, recycled content, toxicity, origin of any components made from wood (e.g. paper products) and end of life disposal.

Ethical behaviour and fair dealing
Council officers must behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

It is the responsibility of Council officers to report any actual, potential or perceived conflict of interest to their Branch Manager prior to and during any business dealings.

EVALUATION OF TENDERS AND QUOTES
These sound contracting principles are to be utilised in the evaluation of all quotes and tenders along with other selective criteria determined relevant to the procurement activity, including but not limited to experience, key personnel, methodology etc.
PROCUREMENT GUIDELINES

Procurement Thresholds

<table>
<thead>
<tr>
<th>Value Threshold*</th>
<th>Minimum Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $2,000</td>
<td>Obtain at least one verbal or written quote</td>
</tr>
<tr>
<td>$2,000 to less than $15,000</td>
<td>Obtain two written quotes</td>
</tr>
<tr>
<td>$15,000 to less than $200,000</td>
<td>Obtain three or more written quotes</td>
</tr>
<tr>
<td>$200,000 or more</td>
<td>Public tender required</td>
</tr>
</tbody>
</table>

*All amounts are GST exclusive

When seeking quotations, officers should consider the likelihood of exceeding the value thresholds listed above in a financial year (excluding GST). If there is a risk that these limits will be exceeded, then the appropriate number of quotes or a public tender should be sought. All thresholds are cumulative thresholds. If the anticipated value of goods or services of a similar nature procured from the same supplier exceeds $200,000 in a financial year, or over the proposed term of the contractual arrangement, then a public tender is required.

Expressions of Interest (EOI)
Prior to issuing an EOI over $200,000 ex GST, a Council resolution must be obtained. EOIs may only be utilised to facilitate a closed tender process if Council has decided by resolution that it would be in the public interest to call for EOIs before inviting tenders and has recorded its reasons for doing so in the minutes of the meeting.

EOI’s may be called under the $200,000 threshold without a Council resolution, however the EOI process must still comply with the normal procurement threshold guidelines.

Corporate Credit Cards
Council’s Credit Card is a payment method that improves payment performance, simplifies administrative processes, provides more effective cash management and enhances service delivery.

Corporate credit cards should be used where appropriate, based on risk and compliance with Council’s procurement requirements. The procurement guidelines based on the thresholds above must be followed. All other purchases must be made by issuing a purchase order.

EXEMPTIONS TO PROCUREMENT GUIDELINES

Legislation obligates Council to utilise a public tender process (or a closed tender process if an expression of interest has first been called to shortlist tenderers) before making a contract for the carrying out of work, or the supply of goods or services involving a cost of $200,000 or more, unless there is a legislative exemption.

Council officers must follow the procurement guidelines unless they utilise a legislative exemption. Exemptions to the procurement guidelines for quotes and tenders are provided for under sections 229 to 235 of the Regulation. These exemptions are:

- a quote or tender consideration plan;
- a contractor on an approved contractor list (ACL);
- a supplier on a register of pre-qualified suppliers (ROPS);
- a supplier on a preferred supplier arrangement (PSA);
- a supplier on another LGA arrangement, e.g. LGAQ (Local Buy).
Further exemptions exist if:

- Council resolves (Council resolution obtained) it is satisfied that there is only one supplier who is reasonably available (sole suppliers); or
- Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or
- a genuine emergency exists; or
- the contract is for the purchase of goods and is made by public auction; or
- the contract is for the purchase of second-hand goods; or
- the contract is made with, or under an arrangement with, a government agency e.g. Queensland State Government arrangements.

Refer to sections 230 to 235 of the Local Government Regulation 2012 for further details on the above exemptions.

Register of Pre-Qualified Suppliers (ROPS)
Council may establish a ROPS for the carrying out of works, goods, services or ICT, by inviting public tenders. Suppliers must submit a tender response and if successful following the evaluation process, suppliers are appointed to the ROPS for a term of (usually) two years. Once the ROPS is established, further quotes or cost estimates from selected suppliers are required to ensure value for money.

Preferred Supplier Arrangement (PSA)
Council can establish a PSA where better value for money can be obtained by aggregating the demand for goods and services. Council must invite public tenders and evaluate submissions from suppliers in order for suppliers to be successfully appointed to the PSA. Prices or a schedule of rates are usually fixed for the duration of the arrangement.

Sole Suppliers
Where the required goods or services are available only from one original source or available from only one stockist, agent or supplier with relative ease of accessibility to Council, the supply of those goods and or services can be applied for under a sole supplier arrangement via a Council Resolution.

Procurement provides a report on an annual basis listing all proposed sole supplier arrangements, for the financial year, for adoption by Council. A report is presented to Council bi-annually listing expenditure on sole suppliers.

Emergencies
In recognition that full compliance with existing Council procurement procedures may not support Council’s needs during a critical or emergency incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council needs, while ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Any emergency procurement must be authorised by the Chief Executive Officer, once a critical or emergency incident has been declared. Such incidents are:

- A state of disaster declared under the Disaster Management Act 2003, or any other emergency declaration made by the State’s Premier under an enactment;
- Any incident declared by the Chief Executive Officer where the safety or security of any person or property associated with the Council is threatened, and
- An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, purchase orders must be raised to record the expenditure in the same way as they would have been in normal circumstances.

As soon as practical upon cessation of the emergency, a report must be presented to Council to authorise the unapproved expenditure, where this expenditure exceeds delegation, and the methodology by which it was incurred. The Council Resolution must define the genuine emergency situation (such as natural disaster), as well as delegate authority.
FINANCIAL AND CONTRACTUAL DELEGATIONS

The Chief Executive Officer implements Council's policies and decisions e.g. spending in accordance with the adopted budget. All delegation amounts are GST exclusive.

Other officers may only incur expenditure on behalf of Council if:
- the officer has been granted the financial and contractual delegation by the Chief Executive Officer and this delegation has been recorded in the register of delegations, and
- the expenditure is provided for in Council’s budget, and
- the officer has received training in Council's procurement systems and procedures, or
- there is a disaster/genuine emergency.

The Chief Executive Officer must approve all financial and contractual delegations by recording them in a register of delegations to enable procurement activities to occur in accordance with the guidelines as shown in Appendix 1.

Variations
For the purpose of this policy, variation refers solely to a financial deviation from original contract value. The contract can be a Council purchase order or agreement signed by a delegated Council officer with an external service provider/organisation. Other variations such as non-financial scope changes, extension of time etc. are to be managed by delegated council officers.

Variation procedures for contracts are as follows:
- Each variation can only be approved by a delegated officer up to their authorised financial and contractual delegation;
- All variations are to be approved in writing by the delegated officer; and
- Each variation requires an additional line item on the purchase order stating the change in scope and cost.

Acquisition of land
All acquisition of land must be done in accordance with the Strategic Acquisition of Land Policy #3665206. All acquisitions must be managed by Council's Property Team.

Publishing details of contracts
Council is obliged to publish details of all contracts valued $200,000 or more. These details must be published monthly on Council's website and also on a noticeboard located in the customer service area of the Administration Building in Spence Street, Cairns. Information to be documented in these publications includes the following:
- the person/company with whom Council has entered into the contract;
- the value of the contract; and
- the purpose of the contract.

For the purpose of this obligation, a contract is defined as an approved Council purchase order.

SUSTAINABILITY AND SOCIAL PROCUREMENT

Sustainable Procurement
Sustainable procurement is the purchase of goods or services that have a reduced negative impact on the environment when compared with competing products or services that serve the same purpose. When compiling any procurement documentation including tenders, contracts, quotes or purchasing arrangements, sustainability requirements for the project must be clearly identified in a project scope.

Council's priority areas for considering sustainable products include, but are not limited to:
- Wood and paper products from sustainable sources;
- Sustainable and safe chemical based products e.g. cleaning products, pesticides, fertilisers or soil enhancers;
- Products that are durable and long lasting e.g. avoiding or reducing disposable products and single use plastics; and
- Products that consume less energy, fuel or water in their operation.
Social Procurement

Social procurement focuses on human aspects and social equity. Social procurement considers principles of diversity, ethics, acceptance, fairness, compassion, inclusiveness and access for people of all abilities and cultures. Social procurement generates positive outcomes for people and contributes towards building stronger and more resilient communities. Council's priorities include, but not limited to:

- Products and services that improve the overall quality of life in the local community; and
- Products and services that improve equity of access to services and opportunities.

Sustainable and social procurement must be conducted in line with consideration to the sound contracting principles and other legislative requirements.

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This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review: [Signature]

Chief Financial Officer

ORIGINALLY ADOPTED: 19/5/2003
CURRENT ADOPTION: 03/07/2019
DUE FOR REVISION: 03/07/2020
REVOKED/SUPERSEDED:

John Andrejic
Chief Executive Officer
Appendix 1 – Financial and Contractual Delegations

Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council’s budget and the officer’s position has been delegated the power to enter into contracts up to an amount not less than the amount of the expenditure proposed to be incurred.

Each delegation to an officer of the power to enter into contracts must be delegated by the Chief Executive Officer.

The delegation is a positional delegation and remains in force unless revoked by the Chief Executive Officer.

Any officer incurring expenditure on behalf of Council must do so in accordance with any constraints imposed by Council or the Chief Executive Officer.

### OPERATIONAL EXPENDITURE

<table>
<thead>
<tr>
<th>Delegation Level</th>
<th>Operational Expenditure within Budget</th>
<th>Expenditure Outside of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Up to $500,000¹</td>
<td>Utilise emergency provisions of the Local Government Act 2009. These require a subsequent Council Resolution.</td>
</tr>
<tr>
<td>General Managers</td>
<td>Up to $200,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Branch Managers</td>
<td>Up to $100,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Coordinators / Senior Officers³</td>
<td>Up to $50,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Supervisors / Team Leaders</td>
<td>Up to $25,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Appropriate Support Staff</td>
<td>Up to $10,000</td>
<td>Nil</td>
</tr>
</tbody>
</table>

*All delegation amounts are GST exclusive*

¹ Council further delegates to the Chief Executive Officer the authority to negotiate, finalise and execute recurring operational expenditure, for example electricity, telephone, vehicle registration, Cairns Works internal orders and others, regardless of whether the value of the expenditure is more or less than $500,000 (see Appendix 2).

² Expenditure of this value can only be incurred with Mayoral approval.

³ Senior Officers - those positions that may or may not supervise staff, but may need financial and contractual delegation to meet positional requirements.
CAPITAL EXPENDITURE

All expenditure capital in nature must be attributed to a Capital Project.

All capital projects require Project Launch Approval (PLA) in order to proceed past the initial scoping/planning phase.

Delegations to approve PLA's are set out in the table below.

Reasonable expenditure may be incurred prior to PLA in order to adequately scope and design the capital project and develop reliable cost estimates. In addition, early ordering of long lead time materials, service relocations and early works may be approved in some circumstances.

Projects with a PLA in excess of $1,000,000 must be approved by Council unless such approval has been previously delegated.

Delegation to approve individual expenditure items are set out below.

<table>
<thead>
<tr>
<th>Delegation level</th>
<th>Pre PLA</th>
<th>PLA Approval</th>
<th>Capital Expenditure within PLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Reasonable expenditure</td>
<td>Up to $1,000,000</td>
<td>Up to $1,000,000</td>
</tr>
<tr>
<td>General Managers</td>
<td>Reasonable expenditure up to $200,000</td>
<td>Up to $200,000</td>
<td>Up to $200,000</td>
</tr>
<tr>
<td>Branch Managers</td>
<td>Reasonable expenditure up to $100,000</td>
<td>Nil</td>
<td>Up to $100,000</td>
</tr>
<tr>
<td>Coordinators / Senior Officers¹</td>
<td>Reasonable expenditure up to $50,000</td>
<td>Nil</td>
<td>Up to $50,000</td>
</tr>
<tr>
<td>Supervisors / Team Leaders</td>
<td>Reasonable expenditure up to $25,000</td>
<td>Nil</td>
<td>Up to $25,000</td>
</tr>
<tr>
<td>Appropriate Support Staff</td>
<td>Reasonable expenditure up to $10,000</td>
<td>Nil</td>
<td>Up to $10,000</td>
</tr>
</tbody>
</table>

All delegation amounts are GST exclusive

¹ Senior Officers – those positions that may or may not supervise staff, but may need financial and contractual delegation to meet positional requirements.
Appendix 2 – Examples of recurring operational expenditure

<table>
<thead>
<tr>
<th>Utilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ergon Energy</td>
<td>Electricity</td>
</tr>
<tr>
<td>Telstra</td>
<td>Telephones/internet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurances</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jardine Lloyd Thompson</td>
<td>Insurance</td>
</tr>
<tr>
<td>Qld Local Government Work Care</td>
<td>Workers compensation</td>
</tr>
<tr>
<td>LGM Queensland</td>
<td>Public liability</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Information Services Licenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Civica</td>
<td>Authority annual licence renewal</td>
</tr>
<tr>
<td>Dimension Data</td>
<td>Various hardware and software licences</td>
</tr>
<tr>
<td>Frontier Software</td>
<td>Annual Chris 21 licence renewal</td>
</tr>
<tr>
<td>Microsoft products</td>
<td>Microsoft annual licence renewal</td>
</tr>
<tr>
<td>Oracle</td>
<td>Oracle annual licence renewal</td>
</tr>
<tr>
<td>Technology One</td>
<td>Annual licence renewal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Miscellaneous</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia Post</td>
<td>Postage, payment of rates, water, animal registrations, parking infringements, etc.</td>
</tr>
<tr>
<td>Cairns Airport</td>
<td>Lease, Greenbank Road</td>
</tr>
<tr>
<td>Cairns River Improvement Trust</td>
<td>Repair of creek banks</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>Centrelink Centrepay (payment of rates)</td>
</tr>
<tr>
<td>Department of Transport and Main Roads</td>
<td>Vehicle registration</td>
</tr>
<tr>
<td>Department of Natural Resources and Mines</td>
<td>Property valuations, Spatial Imagery Subscription Plan (SISP)</td>
</tr>
<tr>
<td>Electoral Commission of Queensland</td>
<td>Election cost</td>
</tr>
<tr>
<td>Far North Queensland Regional Organisation of Councils (FNRQROC)</td>
<td>Regional Procurement Coordinator Secretariat</td>
</tr>
<tr>
<td>Local Government Association of QLD</td>
<td>Memberships</td>
</tr>
<tr>
<td>Other government agencies and authorities</td>
<td></td>
</tr>
<tr>
<td>Queensland Audit Office</td>
<td>State Government Auditing</td>
</tr>
</tbody>
</table>

Note, the above list is indicative only and not exhaustive.
Appendix 3 – Reference Documents

The Procurement Policy consists of this General Policy and is supported by the following:

Part 1 – Acquisition of Goods and Services
Procedure for purchasing with purchase order - quotations and purchasing arrangements - #3218823

Part 2 – Procedures for Calling Tenders and Administering Contracts
Procedure for tendering including Expressions of Interest - #3218819

Part 3 – Engagement and Management of Consultants
Procedure for engaging and managing consultants - #3218827

Part 4 – Purchase Card Procedures
Procedures for approved cardholders - #3218800

PROCUREMENT LEGISLATION

Local Government Act 2009

Local Government Regulation 2012

Relevant Sections relating to this Policy:

Section 198  Procurement policy
Section 225  Medium-sized contract – quotes needed first (up to $200,000)
Section 226  Large-sized contract – tenders needed first ($200,000 or more)
Section 227  Valuable non-current asset contracts – tenders or auction needed first
Section 228  Tender process
Section 230  Exception if quote or tender consideration plan prepared
Section 231  Exception for contractor on approved contractor list
Section 232  Exception for register of pre-qualified suppliers
Section 233  Exception for a preferred supplier arrangement
Section 234  Exception for LGA arrangement
Section 235  Other Exceptions
Section 236  Exceptions for valuable non-current asset contracts (including land)
Section 237  Publishing details of contracts worth $200,000 or more