

# Policy



## Procurement

Approved by Council: 21/06/2023

To establish a framework governing Council's procurement practices.

Safety

Teamwork

Accountability

Respect

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## Application

This Policy applies to all purchasing and procurement activities undertaken by Council:

- including the procurement of labour resources from labour hire suppliers,
- but excluding employment contracts (including term appointments).

## Policy statement

### 1. Procurement Principles

Council will promote and influence sustainable marketplace practices and procure value for money goods and services by:

- Conducting all procurement activities in accordance with legislative requirements, using a risk-based approach, and consideration of the principles of sustainability.
- Maintaining integrity in the procurement process by adhering to principles of transparency and accountability, good management practices, and prevention of misconduct.

## 2. Value for Money will be assessed using financial and non-financial factors

Cost: Total cost of ownership (financial factor)	*Quality: Fit for purpose (non-financial factor)	*Sustainability: Environmental, social and economic (non-financial factor)
Examples		
<u>Acquisition Costs:</u> <ul style="list-style-type: none"> <li>○ Purchase price</li> <li>○ Installation</li> <li>○ Travel expenses</li> <li>○ Delivery</li> <li>○ Insurance</li> <li>○ Training and support</li> </ul> <u>Maintenance/Operating Costs:</u> <ul style="list-style-type: none"> <li>○ Labour (specialist?)</li> <li>○ Materials / Replacement parts</li> <li>○ Frequency of maintenance</li> <li>○ Energy consumption</li> <li>○ Consumables</li> </ul> <u>End-of-life Costs:</u> <ul style="list-style-type: none"> <li>○ Resale</li> <li>○ Disposal and make-good costs</li> </ul>	<u>Fit-for-purpose:</u> <ul style="list-style-type: none"> <li>○ Qualifications/accreditations/certifications</li> <li>○ Experience</li> <li>○ Responsiveness</li> <li>○ Timeliness</li> <li>○ Reliability/past performance</li> <li>○ Product/service suitability</li> <li>○ Product/service specification</li> <li>○ Insurance</li> <li>○ Compliance</li> </ul>	<u>Environmental:</u> <ul style="list-style-type: none"> <li>○ Environmental Label</li> <li>○ Environmental Management System</li> <li>○ Reduced use of hazardous substances</li> <li>○ Use of recycled or re-useable material</li> <li>○ Waste reduction</li> <li>○ Greenhouse Gas Emissions</li> <li>○ Renewable energy</li> <li>○ Energy / fuel / water efficiency</li> <li>○ End-of-life recycling</li> <li>○ Biodiversity / natural habitat protection</li> </ul> <u>Social:</u> <ul style="list-style-type: none"> <li>○ Cultural Heritage protection</li> <li>○ Health and Safety</li> <li>○ Social credentials / modern slavery</li> <li>○ Equal opportunity employer / Social or Disability Enterprise</li> </ul> <u>Economic:</u> <ul style="list-style-type: none"> <li>○ Local supply/supplier</li> <li>○ Indigenous supplier</li> <li>○ Local job creation</li> </ul>

2.1. \*Quality and Sustainability criteria will be informed by relevant national and/or international standards, certifications, labels, accreditations or qualifications. For example, all plant and equipment purchased must comply with the applicable Australian Standards at the time of purchase.

## 3. Evaluation of proposals

3.1. Subject to clause 0, financial and non-financial factors will be assessed as follows:

**Table 1:** Evaluation criteria for purchases estimated ≥\$50,000 (GST Incl).

Mandatory Criteria	Weight
Conformance with 'Mandatory' criteria assessed (absolute conformance is required). Council reserves the right to disqualify non-conforming proposals.	Yes/No or Pass/Fail
Financial factor (Cost)	50%
Non-Financial factor (Quality & Sustainability)	50%

- 3.2. In evaluating the financial factors under clause 3.1, a weighting will be applied to recognise that proportion of the goods or services a supplier can demonstrate meets the definition of a Local Supply/Supplier and/or Indigenous Supplier under this policy. For all other purchases (i.e. <\$50,000) where the financial and non-financial factors are equal, Council's preference will be to procure from a Local Supplier or Indigenous Supplier.
- 3.3. A Group Manager is authorised to approve an exception to clause 3.1 and vary the weightings for the financial and non-financial factors of a particular procurement activity provided its value is not expected to exceed \$249,999 (inclusive of GST). The General Manager may approve an exception to clause 3.1 for procurement activities ≥\$250,000 (inclusive of GST).
- 3.4. Suppliers must provide sufficient information and/or evidence with their proposal to allow Council staff to determine whether the stated purchasing criteria has been met and the proposal is free from black cladding and greenwash.
- 3.5. Unless otherwise agreed between the organisation and Council, where funds are provided by an external organisation this policy and its associated procedures will continue to apply.
- 3.6. Where procurement activities are conducted jointly with another NSW council (including county council or joint organisation), the evaluation criteria of the host council will apply.

## Definitions

**Black cladding** means the practice of a non-Indigenous business entity or individual taking unfair advantage of an Indigenous business entity or individual for the purpose of gaining access to otherwise inaccessible Indigenous procurement policies or contracts. Unfair advantage involves practices and arrangements that result in the disadvantage or detriment to an Indigenous business, or that do not represent a genuine demonstrated level of equitable partnership and benefit.<sup>1</sup>

**Constituent LGA** means either Ballina, Byron, Lismore or Richmond Valley LGA.

**Council** means Rous County Council.

**Greenwash** means the practice of making false, misleading and/or deceptive claims about the environmental practices of a company or the environmental attributes or benefits of its products or services. Greenwash is often unintentional and can include claims that are vague, irrelevant or inaccurate or that only tell part of the story about the environmental impacts of a product.

**Indigenous Supplier** means a business that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s).

**LGA** means Local Government Area.

**Local Supply/Supplier** means:

- A. Subject to clause (B) below, a supplier that:
- i. Is owned and operated by persons whose primary place of residence is within a Constituent LGA or Neighbouring LGA (in the alternative); or

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<sup>1</sup> Definition sourced from Supply Nation <https://supplynation.org.au/about-us/black-cladding/> accessed on 10-05-2023

- ii. Has its place of business within a Constituent LGA or Neighbouring LGA (in the alternative); or
- iii. Employs or subcontracts persons who are residents or rate payers of a Constituent LGA or Neighbouring LGA (in the alternative); or
- iv. Sources its goods and/or services from within Constituent LGA or Neighbouring LGA (in the alternative).

B. Neighbouring LGA suppliers will only be considered a Local Supplier in the event of no proposals from Constituent LGA suppliers.

C. A supplier must demonstrate they have had the connection to the Constituent LGA or Neighbouring LGA outlined in (A)(i)-(iii) above for a minimum of 6 months.

**Neighbouring LGA** means Clarence, Kyogle, or Tweed LGAs.

**Sustainability** has the meaning given to the term in ISO 20400:2017 (Sustainable Procurement - Guidance) being “[a] state of the global system, including environmental, social and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs.”

**Total Cost of Ownership** means the total cost of a product or service over its lifetime, including acquisition, maintenance, operation and disposal costs.

## Contact officer

Governance and Risk Manager

## Related documents

### Policies

[Code of Conduct](#)

[Customer feedback, complaints, and unreasonable conduct](#)

[Public Interest Disclosures](#)

### Procedures

[Code of Conduct - Conflict of Interests procedure](#)

[Code of Conduct - Gifts benefits and bribes procedure \(including declaration form\)](#)

[Disposal and sale of assets and scrap material procedure](#)

[Insurance - determining levels of cover](#)

[Procurement and Contractor Compliance Review](#)

[Procurement](#)

[Tenders](#)

[RFx and Contracts - numbering, registers, and reporting](#)

### Legislation

*Competition and Consumer Act 2010 (Cth)*

*Government Information (Public Access) Act 2009 (NSW)*

*Local Government Act 1993 (NSW)*

*Local Government (General) Regulation 2021 (NSW)*

*Public Interest Disclosures Act 2022 (NSW)*

*Work Health and Safety Act 2011 (NSW)*

## Other

ISO20400:2017 Sustainable Procurement - Guidance

Tendering Guidelines for NSW Local Government (October 2009).

Tender Evaluation Plan

<b>Office use only</b>	CM no. D21/436	Next review date: [4 years]	
Version	Purpose and description	Date adopted by Council	Resolution no.
3.0	2014 Rous Water policy updated to place a greater emphasis on principles of sustainability.	21.06.2023	27/23