

PURCHASING POLICY

ST093

F22

PART 1 - OBJECTIVES

- 1.1 To establish how Council's purchasing practices support the implementation and delivery of Council's Community Strategic Plan and Delivery/Operational Plan.
- 1.2 Build upon Council's existing business principles to:
 - Make efficient and effective use of Council's and Council's supplier's resources
 - Ensure fair, open and effective competition.
 - Are ethical and compliant with legislation.
 - Improve the local amenity of our community and are socially responsible.
 - Give consideration to disability employment where applicable.
 - Identify and manage risks to maximise opportunities and manage potentially adverse consequences.
 - Encourage sustainability and local economic development.
 - Foster a viable Australian market for sustainable products and services.
 - Ensure Council and its staff act within their delegations and are accountable for decision making in procurement.

PART 2 - APPLICABILITY

- 2.1 This policy applies to all types of purchasing, including acquisition, provision and disposal of materials, services and facilities by Orange City Council. The principles of this policy, and associated guidelines/procedures for implementation, must be followed by employees (full time, part time, temporary and casual) as well as all contractors, consultants and service providers engaged in any of Council's business units and services.

PART 3 - GENERAL

- 3.1 Council will ensure value for money through a balanced whole-of-life evaluation that includes consideration of financial, social, ethical, local economic and environmental factors.
- 3.2 To deliver on Council's commitment to procurement that meets operational requirements and achieves the highest commercial and sustainability outcomes, Council will:
 - Comply with applicable laws and documentation.
 - Avoid unnecessary consumption, manage demand for goods and services, and maximise the efficiency of those products and services acquired.
 - Foster relationships with suppliers in a manner that is ethical, efficient, fair and transparent, and that respects their confidential information.
 - Exercise responsible financial management and accountability for actions.
 - Support the establishment of a diverse supply chain, with particular focus on entities that deliver or have potential to deliver social, economic and/or environmental benefit locally.

All policies can be reviewed or revoked by a resolution of Council, at any time.

- Support Australian owned suppliers and/or suppliers who manufacture in Australia, where doing so is appropriate and permissible by law, focusing on those locally.
- Support suppliers and industry groups that develop and/or apply innovative responses in relation to sustainability issues.
- Establish performance agreements with our key suppliers, and monitor their performance over time.
- Develop practical and transparent tools for assessing and providing feedback to existing and potential suppliers about their proposals and performance.
- Identify and manage the risks associated with procurement.

3.3 Buy Local Purchasing

Council's Buy Local Purchasing Policy requires all purchases of goods and/or services up to the value of \$2,999 to be sourced from a Local Supplier (as defined in such policy) unless they are not of sufficient quality or it is not practicable to purchase. For goods and/or services between a value of \$3,000 and \$249,999, Council will apply a percentage price advantage to suppliers whose business is permanently located within the Orange Local Government Area, or situated within the Central NSW Joint Organisation member council jurisdictions.

The Buy Local price advantage only applies when a non-local supplier is included in the quotation process. Specifications for the calling of quotations must state how the Buy Local price advantage will be applied so that all respondents are aware of Council's policy.

For tenders, a "Local Content" (as defined in such policy) criterion is to be applied when submissions are being evaluated to determine a successful supplier. The "Local Content" criterion will form a minimum of 5% (default value) to a maximum of 10% of the overall assessment criteria (as approved by the Chief Executive Officer). The score associated with this criterion will be a ratio of the Local Content to the overall tendered price.

3.4 Risk

For larger purchases of \$50,000 or greater or purchases where there is the potential for significant impacts upon Council, a risk assessment is to be carried out. Such risk assessment is to identify among other matters:

- If there is an appropriate pool of suppliers locally or if more broad tenders should be called in accordance with the Local Government Act 1993.
- The likelihood of contract variations, taking escalating prices above the legislated tender threshold.
- The most appropriate Conditions of Contract to be used.
- The weighting to be applied to the assessment evaluation, eg financial, WHS, environmental, etc.
- Any pre-qualifications that should be a mandatory requirement of suppliers or contractors.
- Confidentiality and probity issues.

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3.5 Tender Determination

The Local Government Act 1993 (Act), and Local Government (General) Regulation 2005 specify a financial threshold of \$250,000 to determine when a tender is required for the procurement of goods and/or services. This means projects of this value must be managed via a tender process unless exempt under the Act.

This mandated requirement should be considered in concert with the risk assessment above to determine if purchases of a lower dollar value should follow the Local Government Act 1993 (Act), and Local Government (General) Regulation 2005 relating to tendering.

3.6 Operational Purchasing Policy and Procedures

Instruction and guidance on complying with the Purchasing Policy will be provided by the Operational Purchasing Policy which will be updated from time to time to reflect improved practices and minimise risk to Council.

RELATED POLICIES/DOCUMENTS

Operational Purchasing Policy and Procedures

Buy Local Policy ST109

Local Government Act 1993

Asset Management Policy

Statement of Business Ethics

Code of Conduct

Enterprise Risk Management Policy

Responsible Area – Corporate and Commercial Services

REVISION					
	DATE	RESOLUTION		DATE	RESOLUTION
1	2 Dec 2014	14/1076	4		
2	3 July 2018	18/308	5		
3	4 February 2020	20/032	6		
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SUMMARY OF AMENDMENTS

Date	Section/Reference and Amendment
November 2019	<ul style="list-style-type: none"> • Formatting changes. • Extend Council’s existing business principles to give consideration to disability employment where applicable. • Updates to Tendering threshold in accordance with the Local Government Act 1993. • Reference to updates to the Buy Local Purchasing Policy. • Inclusion of reference to Risk. Risk assessment to be undertaken for larger purchases or where there is the potential for significant impacts on Council. • Tendering threshold to be considered in concert with risk assessment to determine if purchases with a lower dollar value should follow tender process under Local Government Act 1993. • Instruction and guidance on complying with policy will be provided in the Operational Purchasing Policy which will be updated from time to time to reflect improved practices and minimise risk to Council.
April 2018	Formatting updates. Combine Policy “Purpose” and “Objective” sections.

SUMMARY OF AMENDMENTS

Date	Section/Reference and Amendment
December 2014	Significant rewrite of this policy due to large scale changes in the processes Council uses to manage risk. Tools including the procedures to use the online procurement system, action plan from Operation Jarek and the action plan from the Dec 2013 Promoting Better Practice review have influenced these changes.