

Procurement Policy

Document Type:	Council Policy	TRIM reference:	DOC/21/18330
Document Status:	Approved by Council		
Policy Owner (position):	Executive Manager Corporate Services		
Internal endorsement required:	Audit & Risk Advisory Committee		
Final Approval by:	Council		
Date approved:	16/11/2021		
Evidence of approval:	Council – Refer to Notes in TRIM		
Version Number:	5	Frequency of Review:	At least once every 4 years
Review Date:	1/01/2026		
Date rescinded:	Click here to enter a date. OR <input checked="" type="checkbox"/> Not applicable		
Related legislation:	Competition and Consumer Act 2010 Gender Equality Act 2020 Local Government Act 2020		
Related strategic documents, policies, or procedures:	<ul style="list-style-type: none"> • Conflict of Interest – Council Officers Policy • Contractor Health and Safety Guidelines (DOC/15/40261) • Corporate Card Policy • Councillor Code of Conduct • Council's Common Seal Policy • Council's Procurement Procedures • Creditor Management Policy • Fraud Control Policy and Procedure • Gifts and Hospitality Policy • Health and Safety Policy • Procurement Process Threshold Table • Records Management Policy • Risk Management Policy and Procedure • Roadmap to Carbon Neutrality 2020-2025 • Staff Orientation and Induction Policy • Victorian Local Government Best Practice Procurement Guidelines 2013 • Workplace Code of Conduct 		
Date	Version Number	Details of Version	Modified by
12/06/2019	1	Procurement Policy Review 2019	Procurement Coordinator
10/03/2020	2	Procurement Policy Review 2020	Procurement Coordinator

Procurement Policy



05/02/2021	3	Procurement Policy Review 2021A	Procurement Coordinator
10/04/2021	4	Procurement Policy Review 2021B	Procurement Coordinator
13/07/2021	5	Procurement Policy Review 2021B	Procurement Coordinator

Purpose

The purpose of this Policy is to express Council's commitment to compliance with legislative requirements under Section 108 of the *Local Government Act 2020* (the Act).

The Act requires Council to:

- Prepare and adopt a Procurement Policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services, and the carrying out of works by Council.
- Review its Procurement Policy at least once during each four-year term of the Council.

1. Scope

This Policy applies to all contracting and procurement activities at the Council and is applicable to Councillors and employees (including full time, part time, casual employees, and agency staff), contractors, consultants, volunteers, and Community Asset Committees of the Mount Alexander Shire Council.

This Policy and associated procedures relate to the acquisition of goods, services and works by Council. It contains both mandatory and best practice requirements.

This Policy is applicable through all stages of the procurement process - from when the need to procure goods, services or works is identified, through to the delivery of goods or completion of the works or services.

All monetary values stated in this policy exclude Goods and Services Tax (GST), except where specifically stated otherwise.

2. Policy

Council is committed to promoting an environment where procurement activities are performed with integrity and in a manner able to withstand close scrutiny.

To support this commitment all procurement activities will be undertaken in consideration of the following fundamental best practice principles, irrespective of the value and complexity of the procurement:

- Value for money.
- Sustainability.
- Open and fair competition.
- Accountability.
- Risk management.
- Probity and transparency.

3. Key Principles of the Policy

3.1. Legislative context

This Policy is consistent with the requirements of Section 108(2) and Section 108(3) of the Act and will:

- Promote open and fair competition and provide value for money.
- Provide clear guidelines to the Council to allow consistency and control over procurement activities.
- Demonstrate accountability to ratepayers and residents.
- Provide guidance on ethical behaviour in public sector procurement.
- Demonstrate the application of best practice in procurement activities.
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors.
- Increase the probability of obtaining the best outcome for the municipal community when procuring goods and services, and delivering works.
- Promote collaborative procurement.

These objectives will be achieved by requiring that the Council's contracting, purchasing and contract management activities:

- Support the Council's corporate strategies, aims and objectives.
- Span the whole life cycle of an acquisition and take sustainability considerations into account.
- Achieve demonstrable value for money.
- Are conducted in, and demonstrate, an impartial, fair and ethical manner.
- Seek continual improvement through innovative and technological initiatives.
- Generate and support local business through inclusion wherever practicable.

3.2. Quotations

At all times during the procurement process, staff are expected to seek value for money. All procurement activities, unless those exempted in Section 8 of this Policy, are subject to the following quotation thresholds:

Procurement Threshold (GST exclusive)	Procurement Process
\$0 - \$999	<ul style="list-style-type: none">• Staff member may obtain a quote, and must request a quote from a local supplier if the goods, services, or works being purchased are available locally.
\$1,000 - \$4,999	<ul style="list-style-type: none">• Staff member shall seek at least one (1) verbal quote, and must request a quote from a local supplier if the goods, services, or works being purchased are available locally.

Procurement Policy

Procurement Threshold (GST exclusive)	Procurement Process
\$5,000 - \$19,999	<ul style="list-style-type: none"> • Staff member shall seek at least one (1) written quote and must request a quote from a local supplier if the goods, services, or works being purchased are available locally. • Quotation must be saved as an attachment to the requisition when seeking approval to proceed with the purchase. • Engage successful supplier via purchase order prior to ordering and receiving goods, services, or works.
\$20,000 - \$49,999	<ul style="list-style-type: none"> • Staff member shall seek at least two (2) written quotes. • Public advertising not required. • Specification must be prepared that provides a clear description of the goods, services, or works being purchased. • Must include evaluation criteria relevant to the purchase. • Must include the Local Content/Economic Benefit evaluation criterion (minimum 20% weighting). • Other sustainability criteria may be considered based on the goods, services, or works being purchased. • Must request a quote from a local supplier if the goods, services, or works being purchased are available locally. • All quotations must be saved in TRIM as evidence of compliance to this Policy. • Evaluation table to be completed for approval by Coordinator/Manager/Director (within financial delegation). • Director approval must be obtained where two (2) written quotes have not been obtained. • The successful quotation must be saved as an attachment to the requisition when seeking approval to proceed with the issue of a purchase order. • Engage successful supplier via purchase order prior to ordering and receiving goods, services, or works.
\$50,000 - \$199,999	<ul style="list-style-type: none"> • Procurement Unit shall seek a minimum of three (3) written quotes via the e-procurement portal. • Contract number and RFQ process is required.

Procurement Threshold (GST exclusive)	Procurement Process
	<ul style="list-style-type: none"> • Procurement up to \$100,000 – selective or public process via e-procurement portal. • Procurement above \$100,000 – public via e-procurement portal and public advertising wherever possible. • Detailed specification must be prepared that provides a clear description of the goods, services, or works being purchased. • Must request a quote from a local supplier if the goods, services or works being purchased are available locally. • Must include Council’s standard evaluation criteria. • Public advertising wherever possible. • Evaluation panel compulsory (must consist of at least two staff). • Evaluation table and evaluation report must be prepared for approval by Manager/Director or CEO (within financial delegation). • Letter of Acceptance. • Issue a purchase order to the successful supplier prior to receiving goods, services, or works. • Contract (recommended, however may not apply to purchase of goods).
\$200,000 and above	Refer to Section 6 of this Policy.

3.3. Insufficient quotations

The situation may arise where insufficient quotations are received to satisfy the procurement thresholds outlined in clauses 4.2 and 4.5. This may occur where there are few suppliers of the required goods, services or works, the work is highly specialised or the supplier(s) contacted declined to respond to the request for quotation or tender. In this case, for transparency, details of the suppliers contacted must be recorded in Council’s document management system. There must be a genuine attempt to achieve value for money.

3.4. Cumulative Expenditure

A public tendering process will occur if, over two financial years, the cumulative expenditure with a single supplier exceeds or is expected to exceed \$200,000 on the purchase of goods and services or works.

When undertaking procurement activities on behalf of Council, Officers will exercise appropriate commercial awareness and ensure that the principles outlined in this Policy are applied. This Policy requires a competitive process be undertaken for procurement thresholds above \$20,000. Any attempts to circumvent procurement threshold requirements by order splitting or other methods constitutes a breach of the Procurement Policy and Procedures.

3.5. Panel Contracts

One of the valid outcomes of a public tender process is the appointment of a panel of contractors to promote security of supply. This is most likely to be the case where Council requires a range of services to be performed. The subsequent use of quotes on a job-by-job basis further promotes competition and value for money.

Panel contractors engaged by Council are usually appointed for an initial two-year term with options to extend contracts. Standard contract documentation specifies that contractors will not be guaranteed any work but they may be called on at any time to supply goods, services or works.

Panel contracts may also be an outcome of collaboration with other councils or other agents such as MAV Procurement or Procurement Australia.

In these cases, the contractors may be engaged by:

- Using the schedule of rates submitted in their tender.
- Requesting quotes.

Once a panel is established, care will be taken in relation to the engagement of one or more of the contractors on the panel. Some aspects to consider are:

- The panel member who can best provide the required good/service.
- If all members of the panel are offering a similar service, the contractor offering the lowest price may be the best option.
- Avoiding situations where, over the contract term, one or two members of the panel are allocated the majority of the work.

Procurement Threshold (Panel Contracts*) (GST exclusive)	Procurement Process
\$0 - \$19,999	<ul style="list-style-type: none"> • Staff member may obtain a quote from panel contractors
\$20,000 - \$49,999	<ul style="list-style-type: none"> • Staff member shall seek at least three (3) written quotes from panel contractors (where at least three panel providers exist). • The successful quotation as well as evidence of all comparative quotes (TRIM document number) must be saved as an attachment to

Procurement Threshold (Panel Contracts*) (GST exclusive)	Procurement Process
	<p>the requisition when seeking approval to proceed with the issue of a purchase order.</p> <ul style="list-style-type: none"> Engage successful supplier via purchase order prior to ordering and receiving goods, services, or works.
\$50,000 - \$199,999	<ul style="list-style-type: none"> Procurement Unit shall seek at least three (3) written quotes from panel contractors using the e-procurement portal Public advertising not required. Detailed specification must be prepared that provides a clear description of the goods, services, or works being purchased. Must include evaluation criteria relevant to the purchase. Engage successful supplier via purchase order prior to ordering and receiving goods, services, or works.
\$200,000 and above	<ul style="list-style-type: none"> Public tender recommended. Internal panel contracts comply with Section 6 of this Policy.

* Panel contracts may be subject to individual procurement threshold requirements, dependent on the nature of the goods/services/works being purchased.

3.6. Collaborative Procurement

This Policy has been developed in collaboration with the Loddon Mallee Regional Procurement Excellence Network (RPEN) with a view to facilitating smooth collaborative procurement processes, consistent with the Act. This Policy also incorporates content that is specific to the Council and may differ from that of the other RPEN councils and is intended to apply only to procurement involving Mount Alexander Shire Council.

In accordance with Section 108(c) of the Act, the Council will first give consideration to collaboration with other councils and public bodies, or utilise collaborative procurement arrangements, when procuring goods, services and works in order to take advantage of economies of scale.

Council Officers will consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council. Any Council report that recommends commencing a procurement process must set out information relating to opportunities for collaborative procurement, if available, including:

- The nature of those opportunities, if any, and the councils or public bodies with which they are available.
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

When collaborating with the RPEN, the Council will do so in accordance with the following:

- The RPEN will develop a consolidated contract register to identify joint procurement projects on an annual basis.
- Council contracts with a minimum value of \$1 million per annum (per council), for the ongoing supply of goods or provision of services or works, other than projects that are unique to an individual council (e.g. unique construction or works projects), will be included in the consolidated contract register for collaboration consideration.
- Other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration with the RPEN, must be included in the consolidated contract register for consideration as a possible joint procurement opportunity.
- Where collaborative procurement is to be pursued:
 - A pre-market approval submission will be submitted to each council and the RPEN prior to commitment to collaboration, seeking delegation of contract approval to CEOs.
 - The RPEN will establish a Heads of Agreement that gives authority for a lead council to act as each council's agent in the collaborative procurement.
 - The evaluation criteria that will apply to a collaborative procurement process may not align with Council's mandatory evaluation criteria as outlined in this Policy.
 - Each of the councils who participate will be able to enter into a contract with the preferred supplier/s identified through the collaborative procurement process, or may choose as a group to enter into a contract using "opt-in" contract provisions during the contract term, or with the council which conducted the public tender.
 - Each participating council must be involved in:
 - The initial decision to undertake the collaborative procurement.
 - Preparation of, and agreement to, the specifications.
 - Ensuring probity for the collaborative procurement.
 - The acceptance of tender(s) and awarding of contract(s).

Furthermore, Council may collaborate with other councils or other agents such as MAV Procurement or Procurement Australia to procure goods, services or works, or utilise existing collaborative procurement arrangements for the procurement of goods, services or

works established through a public tender process where it provides an advantageous, value for money outcome for Council.

The following principles will be applied when utilising procurement agents (e.g. MAV Procurement and Procurement Australia) and whole of government contracts:

- Council will use an agent where potential cost savings exist.
- The use of procurement agents must not eliminate the ability of suppliers locally and within our region to submit a quotation or tender.

Where there are suppliers locally and within our region and Council participate in a procurement process with an agent, Council will take every reasonable effort to notify relevant suppliers of the procurement opportunity.

Federal or State Government grant funded projects may be excluded from collaborative procurement where funding is provided to an individual Council or the project to be delivered requires specialised experience.

3.7. Supporting our Local Economy

Council is committed to buying from businesses locally (within the Shire) and regionally (neighbouring municipalities), where such purchases may be justified on value for money grounds. Of primary importance is the need to encourage open and effective competition to ensure the best possible outcomes for Council.

To support this commitment and to encourage a focus on local industry, including creating local employment and improving local businesses, Council:

- Must request a quote from a local supplier if the goods, services or works are available locally.
- Will apply a local content/economic benefit evaluation criterion with a minimum weighting of 20% to all procurement above \$20,000 (excluding GST).
- Will encourage suppliers to register their business with the TenderSearch e-Procurement and Mount Alexander Business Connect systems to receive notifications of procurement opportunities with Council.
- Will provide regular communication through the Council Column and local business groups.

3.8. Supporting Sustainability

Council is committed to supporting sustainability and requires the consideration of sustainability in all its procurement activities.

Opportunities will be taken to generate Aboriginal and Torres Strait Islander, economic, environmental, and social benefits whenever it is practicable to achieve value for money.

Sustainable Procurement schedules (Aboriginal and Torres Strait Islander, Economic, Environmental and Social) contained within Council's procurement documentation will help

guide Council's procurement in line with these objectives. These schedules will be included in all quotations and public tenders above \$50,000, and should be considered, and are encouraged, for procurement under \$50,000.

Supporting Aboriginal and Torres Strait Islander businesses

Council recognises the importance of increasing the economic growth of Aboriginal and Torres Strait Islander businesses and is committed to ensuring it is an integral part of our procurement process.

Environmental Sustainability

Council is committed to reaching zero net emissions for its own operations by 2025. As part of this effort, Council will give preference to suppliers who have set similar goals, in order to reduce the indirect impact of our goods, services and works and can clearly demonstrate the ability to deliver environmentally preferable and value for money outcomes.

Council will reduce its impact on the natural environment by making decisions which reduce natural resource and biodiversity depletion. Procurement priorities will include:

- Reducing greenhouse gas emissions.
- Reducing waste to landfill and increasing the amount of waste recycled.
- Reducing water consumption and improving water management.
- Encouraging improved environmental management in Council's supply chain.
- Selecting products/services that have minimal effect on the depletion of natural resources and biodiversity.
- Improving our ability to adapt to climate change.

Social Sustainability

Social procurement often takes the form of a local, state or federal department strategically using an appropriate procurement opportunity to generate targeted employment for a specific population group. This includes people with a disability, the long-term unemployed, culturally and linguistically diverse groups, youth, social housing tenants, or a regional, rural or disadvantaged metropolitan area. Council is committed to social procurement, in particular facilitating employment opportunities in disadvantaged communities within the municipal area.

3.9. Internal Controls

Council will maintain a framework of internal controls over procurement processes that will ensure transparency in the procurement process by:

- Ensuring Council systems and processes require more than one person be involved in, and responsible for, a transaction end to end.
- Documenting procurement activities using relevant Council systems, including Council's document management and procurement systems, to provide a clear audit trail.
- Ensuring appropriate authorisations are obtained and documented.

- Ensuring purchase orders are raised and approved in accordance with procurement procedures.
- Ensuring systems are in place for appropriate monitoring and performance measurement.
- Considering the engagement of a Probity Auditor or Probity Advisor for all tender processes with an expected spend over \$1 million or any projects that are under \$1 million that are deemed as having a higher risk for reputational, political, or time constraints.

3.10. Council's Risk Management Policy must be applied at all stages of procurement activities

All procurement activities will be properly planned and carried out in a manner to protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

Council will minimise its potential exposure to risks concerning the provision of goods, services and works by:

- Referring specifications to relevant experts.
- Identifying other health and safety/risk requirements relevant to the scope of works for the particular project.
- Using or referring to relevant Australian Standards (or equivalent).
- Conducting and documenting a risk assessment.
- Using standardised contracts that include current and relevant risk clauses.
- Ensuring the contract and/or purchase order reflects the accepted tender pricing
- Requiring security deposits where appropriate.
- Requiring contractual agreements to be executed before allowing the commencement of work.
- Effectively managing the contract, including monitoring and enforcing performance.
- Complying with the Contractor Health and Safety Guidelines.

4. Evaluation Criteria

All tenders and quotations above \$50,000 will be evaluated by an evaluation panel, in a two stage process, designed to assess Value for Money (VFM), where the lowest VFM will determine the preferred tenderer.

The following mandatory evaluation criteria must be applied to all purchases above \$50,000. Weightings may be adjusted depending on the size and complexity of the contract.

4.1. Stage One - Qualitative assessment of a weighted score totalling 100%

1. Risk management – pass/fail evaluation.
2. Response to specification.
3. Experience and qualifications.

4. Business and financial capacity, including quality management.
5. Sustainability:
 - a) Aboriginal and Torres Strait Islander (minimum 5% weighting).
 - b) Local Content / Economic Benefit (minimum 20% weighting).
 - c) Environmental considerations (minimum 5% weighting).
 - d) Social (minimum 5% weighting).

4.2. Stage Two – Quantitative assessment

Evaluation of price (direct and indirect) against weighted score calculated as:

VFM = Tendered Price ÷ Stage One Score.

To be the successful tenderer, the aim is to have a lower price and a higher stage one score, meaning the lowest result is the best value for money.

Proposed amendments to the above mandatory evaluation criteria must have prior approval from the Director/CEO (within financial delegation) prior to proceeding with an approach to market.

5. Public Tendering

Section 108 of the Act details that each Council will set the public tender threshold above which tenders or expressions of interest for contracts must be publicly invited.

A public tender process must be applied to all procurements valued at \$200,000 and above (GST exclusive) for goods, services or works.

All public tenders invited by the Council will be published via Council's e-Procurement Portal and advertised in papers circulating within the shire e.g., the Council Column of the Midland Express. These are the minimum requirements that will apply to all public tenders. Tender advertisements may also be published in a newspaper with a wider distribution e.g., The Age or Herald Sun.

Council may undertake a public tender where the value of goods, services or works does not reach the public tender threshold value. There may be situations where a public tender may produce a better outcome, where managing risk considerations are paramount, or there is a desire for greater transparency of the procurement.

The timeframe given to tenderers will be reasonable with regard to the level of complexity of the tender, however a minimum of 15 working days will be allowed between advertising of the tender until the tender closing date. Director approval will be obtained if it is proposed that a tender period be less than 15 working days, with sufficient information provided explaining why this is necessary.

Advertising at times of major holidays such as Easter, Christmas and early January will be avoided if possible. If it is necessary to advertise at these times, the closing date will be

extended to accommodate these holiday periods. Tenders will be advertised on Council's e-Procurement portal.

All public tenders above \$200,000 will be reported to Councillors in a monthly briefing report. Councillors will review the collaborative opportunities available as part of procurement process and decide whether the tender will be considered for awarding under the Chief Executive Officer's delegation or request that the recommendation for awarding of a tender be placed on the agenda of a future Council Meeting.

All tenders greater than \$1 million will be presented at a Council Meeting for decision, including details of the total project cost.

5.1. Contract Variations

Throughout the life of a contract, changes may arise to the original specification or scope of the service or project. In order to accept these variations, approval must be obtained from the relevant Delegated Officer.

Unless otherwise approved, the total of the original contract and all subsequent variations must be taken into account when determining if the change is within financial delegation limits.

Unless otherwise approved, contract variations must be assessed against the value of the original contract, and all subsequent variations, when determining if the change is within financial delegation limits.

The cumulative value of variations must not exceed the levels and approvals outlined in *Appendix 1 – Financial Delegations*.

Council may resolve to include nominated levels of approval for variations on specific contracts, depending on the nature of goods, services and/or works being delivered under the contract and the contract value.

Where contracts allow provision for a Superintendent and/or Superintendents Representatives, contract variations must be approved by the appropriate delegate.

A purchase order alone is not considered sufficient proof of a contract variation. Variations must be documented and approved using TRIM and Council's procurement and contract management system (above \$50,000).

5.2. Contract Management, Performance Measures and Continuous Improvement

Wherever possible, contracts must contain measurable performance criteria and reporting systems relevant to the goods, services or works being purchased to accommodate the following requirements:

- Highlight performance trends and exceptions where necessary to enhance performance.
- Provide high level capabilities in auditing and monitoring service delivery.

- Highlight the internal efficiency of the procurement process and, where relevant, the performance of suppliers.

Contracts are to be proactively managed by the Council Officer responsible for the delivery of the contracted goods, services or works. Officers will utilise Council's procurement and contract management system to assist with the management of their contracts.

6. Delegations

Delegations define the limitations within which Council Officers are permitted to commit Council to the procurement of goods, services or works and the associated costs. The Instrument of Delegation allows specified Council Officers to undertake certain purchases, quotation, tender and contractual processes without prior referral to Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Procurement delegations and authorisations ensure accountability and provide confidence to Council and the public that procurement activities are dealt with at the appropriate level (refer to Appendix 1).

7. Exemptions from Procurement Policy and Public Tendering Requirement

The following circumstances are exempt from the requirements to publicly advertise tenders, quotations and expressions of interest.

Exemption	Explanation, limitations, responsibilities and approvals
1. A contract made because of genuine emergency or hardship	Where the Director/CEO (within financial delegation) and/or Council has resolved that the contract must be entered into because of an emergency e.g., to provide immediate response to a natural disaster, declared emergency, etc.
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	<p>This general exemption allows engagements:</p> <ul style="list-style-type: none"> • With another government entity or government owned entity e.g., Federal, State or Local Government or an entity owned by the Federal, State or Local Government. • In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement Network members (e.g. Local Buy), Procurement Australia (PA).

Exemption	Explanation, limitations, responsibilities and approvals
3. Extension of contracts while Council is out to market to ensure continuity of supply of goods/services/works to Council.	<p>Allows the Director/CEO (within financial delegation) and/or Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected.</p> <p>This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.</p>
4. Professional services unsuitable for tendering	<ul style="list-style-type: none"> • Legal services • Insurance • Loans • Purchase of land • Electoral or valuation services • Payroll expenses and deductions • Refunds • Professional membership payments and subscriptions (must relate to the position held).
5. Novated Contracts	<p>Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.</p>
6. Information technology resellers and software developers	<p>Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.</p>
7. Regional Waste and Resource Recovery Groups	<p>Situations where a Regional Waste and Resource Recovery Group constituted under the <i>Environment Protection Act 1970</i> had already conducted a public tender for and on behalf of its member councils.</p>
8. Statutory compulsory monopoly insurance schemes	<ul style="list-style-type: none"> • Motor vehicle compulsory third party • WorkCover
9. Operating leases	<p>Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.</p>
10. Sole sourcing	<p>Where goods, services or works being procured are of such a specialised nature that there are insufficient known</p>

Exemption	Explanation, limitations, responsibilities and approvals
	<p>suppliers to meet the requirements of this Procurement Policy (sole sourcing).</p> <p>The sole sourcing process must only be utilised where:</p> <ul style="list-style-type: none"> • There are insufficient known suppliers to meet the requirements of this Procurement Policy. • The marketplace is restricted by statement of license or third-party ownership of an asset (excluding public utility plant). • Council is party to a joint arrangement where Council jointly owns the Intellectual Property with a third party provider. <p>Purchasing via the sole sourcing process is subject to prior approval from the Director/CEO (within financial delegation) and/or Council.</p> <p>Council deals with a number of core service sole suppliers. There is no market to test and obtain multiple quotes. Examples of core service sole suppliers are:</p> <ul style="list-style-type: none"> • Library service – North Central Goldfields Regional Library Corporation. • Water – Coliban Water, North Central Catchment Authority, and Goulburn Murray Water. • Advertising (newspapers and magazines).
<p>11. Aboriginal and Torres Strait Islander businesses or social enterprises</p>	<p>Officers are able to directly purchase from social enterprises or Aboriginal and Torres Strait Islander businesses where the estimated value of the procurement is up to \$20,000. The identified business must be registered or certified with an appropriate and relevant organisation such as Kinaway, Supply Nation, or Social Traders. The procuring officer must first determine whether an Aboriginal and Torres Strait Islander business or social enterprise could deliver the required good, work or service on a value for money basis, before following ordinary procurement processes.</p>
<p>12. Other specific Council exemptions</p>	<ul style="list-style-type: none"> • Organisations that are auspiced by Council. • Shop supplies (including artwork) purchased for the purpose of resale are exempt from obtaining quotes i.e. this applies to business units that operate a retail outlet and are required to purchase stock for resale to the public. This is due to the nature of the goods that are offered for resale, which may be unique.

Exemption	Explanation, limitations, responsibilities and approvals
	<ul style="list-style-type: none"> • Performers, facilitators, presenters and artists (one off or short term engagement) – business units that engage performers as part of their performance program are exempt from the conditions of this Policy. Performers are engaged based on potential earnings that can be raised from their engagement. • Artworks, statues and monuments – it is not practical to obtain multiple quotes for artworks, statues and monuments as each piece of work is unique. Items of artworks, statues and monuments are purchased within annual budget restraints but a minimum of one quote must be obtained. • Plant and equipment servicing and spare parts – plant and equipment purchased by Council requires servicing at regular intervals. In certain instances, to maintain a valid warranty, works need to be carried out by recognised suppliers and therefore Council will utilise the services of the manufacturers from whom the plant or equipment was originally purchased. This clause also applies to specific manufacturer spare parts purchased to complete works on plant and equipment at depot sites. • Employment contracts for staff employed directly by Mount Alexander Shire Council are specifically excluded from this Policy.

8. Definitions of Abbreviations Used

A table of terms and their definitions as they relate to the policy

Term	Definition
The Act	Victorian Local Government Act 2020
Best value	Council's procurement activities will be carried out on the basis of obtaining best value. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinate of best value.
Collaborative procurement	The centralisation of the procurement of goods, services or works which are repetitive and common to multiple organisations. It seeks to deliver greater efficiencies through combined purchasing power.

Term	Definition
GST	Goods and Services Tax within the meaning of the Commonwealth Government's <i>A New Tax System (Goods and Services Tax) Act 1999</i> .
Guidelines	<p>The Victorian Local Government Best Practice Procurement Guidelines 2013 which provide a set of principles and practices that represent the most efficient and prudent course of action for developing and maintaining best practice local government procurement processes.</p> <p>If this policy is inconsistent with the guidelines, this policy supersedes the guidelines.</p>
Aboriginal or Torres Strait Islander Business	Aboriginal or Torres Strait Islander Business is one that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s). This is consistent with the definition provided by Supply Nation.
Local	Suppliers located within the municipality of Mount Alexander Shire.
Loddon Mallee Regional Procurement Excellence Network (RPEN)	Regional Procurement Excellence Networks (RPENs) are the primary collaborative mechanism established by the Victorian Government's Councils Reforming Business (CRB) program in 2011. The Loddon Mallee RPEN consists of Buloke, Campaspe, Central Goldfields, Gannawarra, Loddon, Macedon Ranges and Mount Alexander Shire Councils, and Greater Bendigo and Mildura Rural City Councils.
Our Region	Suppliers located in municipalities immediately adjoining the municipality of Mount Alexander Shire.
Procurement	The process of acquiring external goods, services or works from initial concept through to disposal of an asset, either at the end of its useful life or on completion of the contract.
Social Procurement	A strategic approach to meeting social and economic objectives throughout procurement using procurement processes and purchasing power to generate positive social and economic outcomes in addition to the delivery of efficient goods, services and works.
Sustainability	Meeting the needs of the present generation without compromising the ability of future generations to meet their needs, including Aboriginal and Torres Strait Islander, local/economic benefit, environmental and social procurement considerations.
Total Contract Sum	<p>The potential total value of the contract, exclusive of GST, including:</p> <ul style="list-style-type: none"> • Costs for the full term of the contract, including any options for either party to extend the contract. • Approved contingency amounts. • All other known, anticipated and reasonably foreseeable costs.

Term	Definition
Thresholds	The value above which procurement, unless exempt, is subject to the mandatory procurement procedures.
Value for money	<p>Value for money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> a) Contribution to the advancement of the Council's priorities. b) Local content/economic benefit. c) Non-cost factors such as fitness for purpose, quality, service and support. d) 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. <p>Value for money (VFM) when evaluating quotations and tenders: The lowest VFM will represent the lowest price resulting from the formulae, and would determine the preferred tenderer based on this principle (see <i>Section 5 Evaluation Criteria</i>).</p>

9. Human Rights Statement

It is considered that this policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act* (2006). Mount Alexander Shire Council is committed to consultation and cooperation between management and employees. Mount Alexander Shire Council will formally involve the Workplace Consultative Committee in any workplace change that may affect employees.

10. Appendix 1 – Financial Delegations

Appendix 1 – To support operational requirements, Financial Delegations may be reviewed and approved by the Chief Executive Officer (positions from Director level down only).

Position	Financial Delegation Limit (Excl. GST) Maximum total value of original contract plus any cumulative variations	Variations
Council	Above \$1 million*	Cumulative contract variations exceeding 30% of the original contract sum, or over \$150,000 individually.
CEO	Up to \$1 million	Can approve cumulative variations up to 30% of the original contract, or \$150,000 individually, whichever is the lesser, within approved budget and within financial delegation limit, and as may be resolved by Council on individual contracts.
Director	Up to \$200,000	Can approve cumulative variations up to 30% of the original contract, within approved budget and within financial delegation limit.
Managers	Up to \$80,000	Can approve cumulative variations up to 30% of the original contract, within approved budget and within financial delegation limit.
Building Projects Coordinator Engineering Coordinator	Up to \$50,000	Can approve cumulative variations up to 30% of the original contract, within approved budget and within financial delegation limit.
Coordinator Team Leader Business Support Officer (Works; Infrastructure)	Up to \$20,000	

Procurement Policy

Position	Financial Delegation Limit (Excl. GST) Maximum total value of original contract plus any cumulative variations	Variations
Business Solutions Analyst Officer (Economic Development; Cultural Development; Tree Management) Principal Officer (Human Resources; Technology; Governance)		

* Or any contract below \$1,000,000 that Council considers requires a resolution for approval.