

**FILE NO:** PSC2009-02488

**TITLE:** PROCUREMENT POLICY

**OWNER:** FINANCIAL SERVICES SECTION MANAGER

**1. PURPOSE:**

- 1.1 The purpose of this policy is to state Council's position on procurement matters and to provide clear direction to Council officials (Councillors, staff and delegates of Council) making procurement decisions.
- 1.2 Environmentally sustainable procurement results in minimisation of unnecessary purchasing, waste minimisation, water and energy saving, pollution minimisation, avoidance of toxic chemicals, reduction in greenhouse gases and decision making that incorporates biodiversity and conservation objectives.

**2. CONTEXT/BACKGROUND:**

- 2.1 Council procurement is required to achieve best value for money in the expenditure of public funds while being ethical, ecologically sustainable, transparent, accountable and promoting fairness and competition. This policy prescribes Council's approach to procurement and is supported by the Procurement Management Directive.

**3. SCOPE:**

- 3.1 This policy has been written considering the following principles:
  - a) All parties engaged in procurement activities will display high standards of behaviour and ethics.
  - b) Procurement activities aim to be efficient, effective and balance risk and total cost.
  - c) Due economy shall be exercised in all purchasing decisions.
  - d) Purchasing decisions shall consider relevant evaluation criteria including environmental sustainability, support of local suppliers, registered disability employers and Australian made goods.
  - e) Parties will conduct all procurement and business relationships with fairness and honesty.
  - f) The process for awarding contracts on government projects will be open, clear and defensible.
  - g) A party with a potential conflict of interest will declare and address that interest as soon as the conflict is known to that party.
  - h) Parties shall comply with all legal obligations.
  - i) Parties shall not engage in practices that are anti-competitive.

- j) Parties shall not engage in practices that aim to give a party an improper advantage over another.
- k) Parties shall not seek or submit tenders without a firm intention and capacity to proceed with a contract.
- l) Parties will maintain business relationships based on open and effective communication, respect and trust and adopt a non-adversarial approach to dispute resolution.

## **4. DEFINITIONS:**

- 4.1 An outline of the key definitions of terms included in the policy.

Procurement	The act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment.
Local Supplier	A business or contractor employing full-time staff permanently operating from established premises within the Port Stephens local government area.

## **5. STATEMENT:**

### **5.1 Standards of behaviour**

- 5.1.1 Council has adopted a Statement of Business Ethics Policy that sets out the high ethical standard expected of Council officials, contractors and business associates. In addition to this, the following statements are made in relation to procurement:
- a) Council processes shall be fully documented and defensible.
  - b) Council will treat all potential tenderers consistently.
  - c) All parties shall comply with the rule of law and avoid practices that are anti-competitive or collusive.
  - d) Council will not engage in practices that give one party improper advantage over another outside its local and Australian made preference and registered disability employer preference policies.
  - e) Council will not invite or submit tenders without a firm intention and capacity to proceed.
  - f) Parties shall maintain open, effective communication, respect and trust and adopt a non-adversarial approach to dispute resolution.
  - g) Staff involved in procurement of goods and services shall make themselves aware of and comply with all relevant policies, management directives and procedures. Related policies and management directives are listed at the end of this document.

## 5.2 Environmental sustainability

5.2.1 Council is committed to "properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development" as per the Local Government Act 1993 (NSW) (the Act). The principles of ecologically sustainable development (ESD) are defined in the Act as the "effective integration of economic and environmental considerations in decision making processes". Prior to purchasing supplies staff must consider whether the purchase is necessary or whether it is possible to use or re-use existing resources including sharing with other sections.

5.2.2 Requisitioning Officers must consider the environmental impact associated with the manufacture, use and disposal of proposed supplies, eg. sustainability of raw materials, energy used, pollution, recyclability or biodegradability. Council is committed to effective implementation for the following principles of ESD in procurement decision making; the precautionary principle; intergenerational equity; conservation of biological diversity and ecological integrity; and improved valuation, pricing and incentive mechanisms.

## 5.3 Local preference

5.3.1 Best value for money does not always mean lowest price. Council functions contribute to the economic success of the Local Government Area and Council expends considerable amounts annually on local economic development. Council prefers to buy from local suppliers and contractors where possible as this supports Council's local economic development initiatives. Where it is cost effective to do so (that is, within the annual rate peg factor for the year) Council staff must purchase from local suppliers with all other criteria being equal.

## 5.4 Preference for Australian made products

5.4.1 Council prefers to buy goods made in Australia and encourages a culture of "buy Australian" in Council officials when evaluating the merits of purchases. Where it is cost effective to do so, staff must purchase Australian made/origin low value supplies.

## 5.5 Preference for registered disability employers

5.5.1 Council prefers to buy products made by registered disability enterprises and encourages such consideration in the evaluation of purchases. Where it is cost effective to do so, staff are encouraged to buy from registered disability employers.

## 5.6 Purchase orders

- 5.6.1 Council will always issue a purchase order number for approved purchases. Council will not pay invoices where an approved purchase order number is absent. Council staff must refer to the Procurement Management Directive to ensure due process regarding purchases is followed.

## 5.7 Asset disposal

- 5.7.1 Council will dispose of surplus plant, vehicles, stores, materials, equipment, furniture, scrap metal, technology and other items in a competitive, transparent, cost effective and environmentally sustainable manner.

## 5.8 Confidentiality

- 5.8.1 Confidentiality of information relating to procurement such as intellectual property, proprietary information or commercial in confidence information must be maintained and not disclosed without the prior consent of a contractor, or where disclosure is required under the NSW Government Information (Public Access) Act 2009.

## 5.9 Compliance

- 5.9.1 Compliance with this policy and associated procedures will be audited and breaches will be dealt with in accordance with Council's Code of Conduct.

## 5.10 Modern Slavery

- 5.10.1 Council will ensure compliance with the Modern Slavery Act 2018 (Cth) and any associated legislation that may come into effect.
- 5.10.2 Council will undertake due diligence to eliminate or minimise the risk of modern slavery occurring within its supply chain. This due diligence will include:
- a) Systematic risk assessments of suppliers will be undertaken. Any supplier that is found to be engaging in modern slavery will not be engaged in Council procurement.
  - b) Including modern slavery criteria in terms and conditions.
  - c) Providing adequate training for all staff to ensure they are aware of what modern slavery is, what Council's modern slavery risks are and how to raise any identified or potential concerns.
  - d) Enable staff and others to raise concerns about modern slavery.
  - e) Engaging with our suppliers to identify which are committed to minimising the risk of modern slavery in their own supply chains and operations. This will primarily be done by asking suppliers to complete a modern slavery questionnaire.

## **6. RESPONSIBILITIES:**

- 6.1 Section Managers generally.
- 6.2 Procurement and Contract Management Specialist.
- 6.3 Expenditure Coordinator.

## **7. RELATED DOCUMENTS:**

- 7.1 Local Government Act 1993 (NSW).
- 7.2 Local Government (General) Regulation 2021.
- 7.3 Competition and Consumer Act 2010 (Cth).
- 7.4 Government Information (Public Access) Act 2009 (NSW).
- 7.5 Modern Slavery Act 2018 (Cth).
- 7.6 NSW Government Procurement Code of Practice.
- 7.7 NSW Government Procurement Policy Framework.
- 7.8 NSW Government Sustainability Policy.
- 7.9 Port Stephens Council Code of Conduct.
- 7.10 Procurement Management Directive.
- 7.11 Financial Business Rules Management Directive.
- 7.12 Asset Disposal (other than property) Policy.
- 7.13 Petty Cash Management Directive.
- 7.14 Purchasing Card Management Directive.
- 7.15 Statement of Business Ethics Policy.

## CONTROLLED DOCUMENT INFORMATION:

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<b>EDRMS container No</b>	PSC2009-02488	<b>EDRMS record No</b>	TBA
<b>Audience</b>	Council staff		
<b>Process owner</b>	Financial Services Section Manager		
<b>Author</b>	Financial Services Section Manager		
<b>Review timeframe</b>	4 years	<b>Next review date</b>	TBA
<b>Adoption date</b>	25 March 2014		

## VERSION HISTORY:

Version	Date	Author	Details	Minute No.
1	25/03/14	Financial Services Section Manager	Policy adopted.	64
2	25/11/14	Financial Services Section Manager	Amended policy adopted.	317
3	27/11/15	Financial Services Section Manager	This policy has been reviewed and formatted into the new template. Port Stephens Code of Conduct added to related documents. Reference to Procurement Management Directive added to the Context / Background.	
4	09/02/16	Financial Services Section Manager	Amended policy adopted.	018

Version	Date	Author	Details	Minute No.
5	12/12/17	Financial Services Section Manager	<p>Updated references from TRIM to RM8.</p> <p>Updated RM8 record from 487 to 17/210686.</p> <p>Removed NSW Government Procurement Code of Tendering from the Related Documents Section.</p> <p>Added NSW Government Procurement Policy Framework, Procurement Management Directive, Asset Disposal (other than property) Policy, and Financial Business Rules Management Directive to the Related Documents Section.</p>	319

Version	Date	Author	Details	Minute No.
6	08/10/2019	Financial Services Section Manager	<p>Updated Policy into the new template.</p> <p>4.1 – Added ‘Local Supplier’.</p> <p>Added; 5.1 g) –</p> <p>5.2.1 – Added ‘Prior to purchasing supplies staff must consider whether the purchase is necessary or whether it is possible to use or re-use existing resources including sharing with other sections. Requisitioning Officers must consider the environmental impact associated with the manufacture, use and disposal of proposed supplies, eg. sustainability of raw materials, energy used, pollution, recyclability or biodegradability.’</p> <p>5.3.1 – Added ‘Where it is cost effective to do so (that is, within the annual rate peg factor for the year), staff must purchase from local suppliers with all other criteria being equal.’</p> <p>5.6.1 – Added ‘Council staff must refer to the Procurement Management Directive to ensure due process regarding purchases is followed.’</p> <p>Added: 7.11, 7.12, 7.13, 7.14 and 7.15 to ‘Related Documents’.</p> <p>Updated EDRMS file number inversion history.</p>	185



Version	Date	Author	Details	Minute No.
7	8/2/2022	Financial Services Section Manager	<p>Updated policy into the latest format.</p> <p>5.1.1 – Added ‘Policy’.</p> <p>5.4.1 – Added ‘low value’ in line with Procurement Management Directive.</p> <p>6.2 – Updated ‘Procurement and Contractor Management Specialist’ to ‘Procurement and Contract Management Specialist’ to reflect current naming convention.</p> <p>6.3 – Updated ‘Expenditure’ to ‘Financial Acquisitions Coordinator’ to reflect current naming convention.</p> <p>7.2 – Added ‘2021’.</p> <p>7.13 – Added ‘Policy’</p> <p>Controlled document information: amended review timeframe to 3 years in accordance with Council’s policy review process.</p>	017
8	TBA	Financial Services Section Manager	<p>Updated policy to latest format.</p> <p>4.1 – Updated definition of Local Supplier – removed reference to 6 month timeframe.</p> <p>5.3.1 - added ‘Council’ when referencing staff.</p>	TBA

Version	Date	Author	Details	Minute No.
			<p>5.6.1 – Removed operational tasks regarding requisitioning.</p> <p>5.8 – Added new clause relating to ‘confidentiality’.</p> <p>5.9 – Added new clause relating to ‘compliance’.</p> <p>5.10 – Added new clause relating to ‘modern slavery’.</p> <p>6.3 - Replaced ‘Financial Acquisitions’ with ‘Expenditure Coordinator’ to reflect current title.</p> <p>7.4 - Addition of NSW Government Information (Public Access) Act 2009.</p> <p>7.5 – Addition of Modern Slavery Act 2018 (Cth).</p> <p>7.16- Deleted Sustainability Policy.</p> <p>7.17 – Deleted Sustainability Procurement Policy.</p> <p>Controlled document information - amended review timeframe to 4 years in accordance with Council’s policy review process.</p>	