

Procurement Policy

FA01-CP (Superseded FA01-CP Procurement Policy v4)

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1. Purpose

This policy aims to introduce sound governance, risk management and control practices in the management of Council's activities in the areas of procurement and purchasing in accordance with regulation 33 of the *Local Government (General) Regulations 2021* (the Regulations).

2. Scope

- 2.1 MacDonnell Regional Council's (MRC) Procurement Policy applies to all procurement activities including purchasing, ordering, tendering and contracting undertaken by MRC.
- 2.2 This policy does not apply to sponsorship, donations, employment contracts or disposals.
- 2.3 There are certain circumstances, as detailed in regulation 38 of the Regulations, where a quotation or tender is not required. These include circumstances such as a contract for legal services, urgent work following a natural disaster or in an emergency.

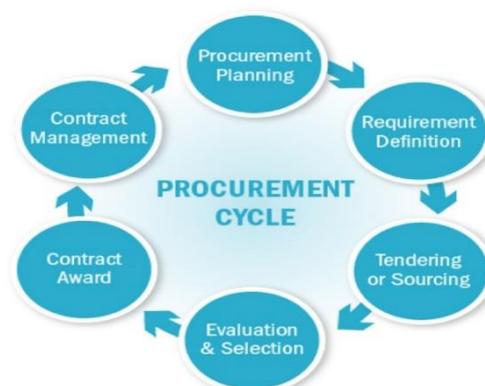
3. Objectives

Key objectives of this policy are that all procurement activities will be conducted in accordance with good practice considerations which include the following principles:

- 3.1. ethical behaviour and fair dealings
- 3.2. value for money
- 3.3. open and effective competition
- 3.4. environmental protection and sustainability
- 3.5. the enhancement of the capabilities of local enterprises and industries;
- 3.6. the employment of Aboriginal people
- 3.7. MacDonnell Regional Council Code of Conduct

4. Procurement Lifecycle

To support MRC's principles and achieve its objectives it is important to understand the Procurement Cycle and the various stages entailed in making procurement decisions. In so doing MRC can ensure that these decisions support clear, transparent and accountable procurement activities and meet the objectives listed above.



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5. Location based advantage

In support of local, regional and Territory businesses and subject to MRC's procurement policy and product or service specifications, MRC will give a competitive advantage when sourcing products and services, as follows:

LOCATION	WEIGHTING ADVANTAGE
MRC Local Government Area based businesses	15%
Local Government Area of Alice Springs Town Council	10%
Businesses located in the Northern Territory but outside of the previously mentioned areas	5%

6 Delegations

- 6.1 Before undertaking any procurement activities staff must consider whether and in what circumstances they have the delegated authority to do so. Authorisations of purchase requisitions must be within an authorised officers approved delegated authority which can be found in the MacDonnell Regional Council's Delegations Manual.
- 6.2 If purchasing an item or service which is primarily administered by another department, the purchaser must consult with the Manager or Director of the relevant department before a purchase is made.
- 6.3 Staff must bear in mind that variations, as detailed below, may increase the scope of a contract and consequently increase the level of financial commitment. Discretionary variations must be approved by an officer with a delegation limit sufficient to cover the value of the variation.
- 6.4 All procurement is subject to approved budgets. These procurement policy values and delegation limits operate in addition to (not in place of) any budget constraints.

7. Methods of Procurement

How MRC determines the method of procurement to be adopted is generally determined by the cost of the supply or service to be provided. These are defined and summarised in the following table which follows.

IMPORTANT NOTE:

- Where the word "cost" is used the amount is EXCLUSIVE of GST.
- Where the word "price" is used the amount is INCLUSIVE of GST.

In determining the cost of supplies:

- Cost splitting and purchase order splitting is prohibited
- The cost cannot be offset in any way

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Purchase Cost (GST exclusive)	Quotations needed
< \$1,000	No quotations needed – must be within approved budget
>\$1,000 - \$10,000	Minimum one (1) written quotation – ALL STAFF must refer to the Procurement Procedure for specific information regarding the quotations required.
>\$10,000 - \$100,000	Three (3) written quotations
>\$100,000 – 150,000	Public quotations
\$150,000 >	Tender

8. Retention of Documents

MRC must obtain all quotations and tenders received in writing and keep them in an electronic form in MRC's record management system.

9. Procurement Obligations

It is the responsibility of council officers who have the delegated authority to make purchases for products of services to abide by this policy. Council officers are required to:

- Follow the standards specified in the Local Government Act 2019 and associated legislation;
- Maintain the integrity of Council in acting properly in relation to all procurement transactions; and
- Abide by Council's Code of Conduct Policy and all other policies and procedures.

10. Procurement Entity

10.1 Council may make procurements under a contract that is facilitated by an approved procurement entity established under regulation 39(2) of the Regulations.

10.2 Approval of Procurement Entity

The Local Government Association of the Northern Territory (LGANT) has been approved as a procurement entity by the CEO of the Agency. Consequently quotations and tenders are **not required** for a supply if the supply is to be facilitated through LGANT's arrangements with Local Buy Pty Ltd. This arrangement is detailed in a document entitled "*Memorandum of Understanding between Local Buy Pty Ltd and Local Government Association of the Northern Territory for the period 1 July 2020 to 30 June 2025*".

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11. Quotations and tenders not required in relation to particular entities

- 11.1 A quotation or tender is not required if the supply is to be obtained:
- from the Territory, the Commonwealth, a State or another Territory; or
 - under a contract to which the Territory, the Commonwealth, a State or another Territory is a party and MRC is a beneficiary to the contract; or
 - from another council; or
 - under a contract that is facilitated by an approved procurement entity as noted above.

12. Period contract

- 12.1 If MRC obtains supplies under a period contract for a period that is more than one financial year, the threshold amounts for quotations or tenders are taken to be:
- the highest cost stated in the contract for any given financial year; or**
 - otherwise – the MRC's highest annual budget for the supply in any given financial year.
- 12.2 **Council must not enter into a contract for a supply that is for a period of more than 5 years, including any option to extend the contract – refer Ministerial General Instruction 1: Procurement.**

13. Contract with Option to Extend

If MRC intends to enter into a contract for supplies that contains an option for either party to extend the contract, the calculation of the threshold amounts for quotations or tenders are calculated to assume the option is exercised.

Example

MRC intends to enter into a 1 month contract on 1 January 2024 to obtain roadwork services for \$60,000 (exclusive of GST), with an option for MRC to extend the contract for an additional 2 months at the same monthly rate. The relevant threshold amount for the financial year would be \$180 000 and MRC is required to call for tenders under para.7.

14. Contract variations

MRC may choose to accept a variation to a contract if the variation is within the scope of the original contract. MRC's acceptance of the variation must be in writing.

15. Contracts for more than 5 years

- 15.1 In relation to procurement, MRC must not enter into a contract for a supply that is for a period of more than 5 years, including any option to extend the contract, other than a contract for:
- a lease or licence of land; or
 - waste management, including the collection or transportation of waste; or
 - a particular supply approved by the CEO of the Agency under para.15.4.
- 15.2 A contract under clause 17.1b must not be for a period of more than 10 years.

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- 15.3 MRC may apply to the CEO of the Agency for a particular supply to be approved by submitting the following information:
- the proposed supply;
 - the proposed period of the contract (including any option to extend);
 - the reason that MRC believes on reasonable grounds that it is necessary to enter into a contract for the proposed supply that is for a period of more than 5 years.
- 15.4 The CEO of the Agency may approve a supply to be a particular supply under clause 15.1(c), subject to any conditions the CEO of the Agency considers appropriate.
- 15.5 If MRC enters into a contract in accordance with clause 15.1(c), the council or local government subsidiary must keep a copy of the approval given by the CEO of the Agency for the particular supply in the council's or local government subsidiary's records.

18 Policy Details

Replaces Policy No: (if applicable)	FA01-CP Procurement Policy v4
Responsible Directorate/Department:	Executive Manager Finance and Governance
Approval Date:	23 February 2024
Minutes Reference and Resolution No:	OCM Item # 15.8 – OCM2023-190
Review Cycle:	23 February 2027 – Review every four (4) years or after changes to relevant legislation or Council policy

19 Legislation and References

Related Legislation:	<i>Local Government Act 2019</i>
	Local Government (General) Regulations 2021
Related Policies:	MacDonnell Regional Council Delegations Manual
Associated Documents	Statutory Declaration Form

20 Version Control

Version No.	Approval Date	Policy No.	Minutes reference and Resolution number
1	15 October 2017	FA01-CP	OCM Item # 13.2 – OCM2017-029
2	31 October 2019	FA01-CP	OCM Item # 13.8 - OCM2019-119
3	29 October 2021	FA01-CP	OCM Item # 15.5 - OCM2021-040
4	15 December 2023	FA01-CP	OCM Item # 15.8 – OCM2023-190
5	23 February 2024	FA01-CP	OCM Item # 15.3 – OCM2024-014