

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

(PO-23) PROCUREMENT POLICY V5

Date of First Adoption:	22 nd September 2014 – Report No. 43/14
Next Review Date	October 2022
Reviewed:	2 nd May 2016 (Annual Review) Report No. 9/16 19 th September 2016 – Report No. 40/16 06 th August 2018 – (Annual Review) Report No.20/18 04 November 2019 – Item 2.2 Policy Review

1. INTRODUCTION

- 1.1 SRWRA is committed to a fair, transparent and accountable process when acquiring goods and services, consistent with Section 49 of the Local Government Act 1999.
- 1.2 This Policy seeks to:
 - 1.2.1 define the methods by which SRWRA can acquire goods and services;
 - 1.2.2 demonstrate accountability and responsibility of SRWRA to its member Councils;
 - 1.2.3 be fair and equitable to all parties involved;
 - 1.2.4 enable all processes to be monitored and recorded; and
 - 1.2.5 ensure the best possible outcome is achieved for the SRWRA.
- 1.3 However, this Policy does not cover:
 - 1.3.1 the disposal of land and other assets owned by the SRWRA; or
 - 1.3.2 the purchase of land by the SRWRA.

2. POLICY OBJECTIVE

SRWRA aims to achieve advantageous procurement outcomes by:

- 2.1 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2 promoting the use of resources in an efficient, effective and ethical manner;
- 2.3 making decisions with probity, accountability and transparency;
- 2.4 advancing and/or working within SRWRA's economic, social and environmental policies;

- 2.5 providing reasonable opportunity for competitive local businesses;
- 2.6 appropriately managing risk; and
- 2.7 compliance with all relevant legislation.

3. **PROCUREMENT PRINCIPLES**

SRWRA must have regard to the following principles in its acquisition of goods and services:

3.1 Encouragement of open and effective competition

3.2 Obtaining Value for Money

3.2.1 This is not restricted to price alone.

3.2.2 An assessment of value for money must include, where possible, consideration of:

3.2.2.1 the contribution to SRWRA's long term plan and strategic direction;

3.2.2.2 any relevant benefits to SRWRA, both tangible and intangible;

3.2.2.3 efficiency and effectiveness of the proposed procurement activity;

3.2.2.4 the performance history, quality, scope of services and support of each prospective supplier;

3.2.2.5 fitness for purpose of the proposed goods or service;

3.2.2.6 whole of life costs;

3.2.2.7 SRWRA's internal administration costs;

3.2.2.8 technical compliance issues;

3.2.2.9 risk exposure; and

3.2.2.10 any associated environmental benefits.

3.3 Probity, Ethical Behaviour and Fair Dealing

3.3.1 SRWRA staff involved in the procurement process will at all times undertake their duties in an ethical and impartial manner with the highest level of integrity. SRWRA staff will not engage in any activity that would create a conflict between personal interests and the interests of SRWRA. SRWRA staff are bound by the Code of Conduct for SRWRA Employees.

3.3.2 SRWRA will refer to the Unsolicited Bids Policy in the event of an unsolicited proposal.

3.4 Accountability, Transparency and Reporting.

3.5 Compliance with all relevant legislation

3.6 Local economic development; to the extent permitted by law, utilise local providers and provide local businesses the opportunity to quote and give preference to goods made locally and suppliers whose activities contribute to local economic development.

3.7 Environmental protection

3.8 Work, Health & Safety

The SRWRA will only engage suppliers who are able to maintain a level of Work Health and Safety acceptable to the SRWRA. As a minimum, this will be compliance to the Work Health Safety Act SA 2012, all associated regulations and all requirements relating to contractors, as specified in terms and conditions of contractual arrangements.

4. **PROCUREMENT METHODS**

The SRWRA may, having regard to its Procurement Principles and any other factors considered relevant, in its absolute discretion, determine to utilise one or more of the following procurement methods:

4.1 Direct Purchasing

4.1.1 This is purchasing from a single source, without first obtaining competing bids.

4.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the SRWRA.

4.2 Quotations (Informal)

4.2.1 This is obtaining quotations from prospective suppliers.

4.2.2 Generally, a minimum of three quotations are sought.

4.2.3 This method may be suitable for low value, low risk goods and services.

4.3 Request for Quotations (RFQ)

4.3.1 This is where SRWRA obtains written quotations from prospective suppliers.

4.3.2 Generally, a minimum of three written quotations are sought.

- 4.3.3 This method may be suitable for simple, largely price-based purchases.
- 4.4 Request for Tenders (RFT)
 - 4.4.1 This is where the SRWRA issues a tender for a proposed goods and/or service.
 - 4.4.2 SRWRA may issue a "Select" Request for Tender where it has reasonable grounds for only dealing with a select group of potential suppliers.
 - 4.4.3 Otherwise, SRWRA may issue an "Open" Request for Tender.
- 4.5 Expression of Interest (EOI)
 - 4.5.1 This is where the SRWRA issues an open invitation for proposed goods and/or services.
 - 4.5.2 This method may be used where there is potentially a large market for the proposed goods and/or service, and the SRWRA would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.
- 4.6 Panel contracts
 - 4.6.1 This is where SRWRA establishes panel arrangements with a select group of suppliers – generally, this occurs once SRWRA has completed its appointment of such suppliers in accordance with this Policy, and can include either:
 - 4.6.1.1 a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
 - 4.6.1.2 the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.
 - 4.6.2 Once a panel has been established, SRWRA may purchase the particular goods and/or service through such panel arrangements.
- 4.7 Strategic alliances
 - 4.7.1 This is where SRWRA undertakes procurement through contract arrangements already established and administered by other organisations, including:
 - 4.7.1.1 LGA Procurement;
 - 4.7.1.2 Council Solutions (Formerly G6 Procurement Group)

5. CONSIDERATIONS FOR THE SRWRA

The appropriate method of procurement will be determined by reference to a number of factors, including:

5.1 Value of the Purchase

Value of Purchase (\$)	Method of Procurement
Up to \$5,000	<ul style="list-style-type: none"> • Direct sourcing/negotiation • Panel Contracts • Strategic Alliances
Over \$5,000 and up to \$20,000	<ul style="list-style-type: none"> • At least 3 quotations (phone/email) • Direct sourcing/negotiation where market is limited • Panel Contracts • Strategic alliances
Over \$20,000 and up to \$50,000	<ul style="list-style-type: none"> • At least 3 written quotations • Direct sourcing/negotiation where market is limited • Open/Select/Limited/Staged Tender • Panel Contracts • Strategic Alliances
Over \$50,000	<ul style="list-style-type: none"> • Open/Select/Limited/Staged Tender • Panel Contracts • Strategic Alliances

The value of the purchase will be calculated as follows:

- 5.1.1 *single one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
- 5.1.2 *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- 5.1.3 *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).
- 5.2 cost of an open market approach versus the value of the acquisition and the potential benefits;
- 5.3 the particular circumstances and objectives of the procurement activity;
- 5.4 the size of the market and the number of competent suppliers;
- 5.5 the SRWRA's leverage in the marketplace;
- 5.6 time constraints;

5.7 a global assessment of the risks associated with the relevant activity and /or project.

6. RECORDS

The SRWRA must record written reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than tendering.

7. EXEMPTIONS FROM THIS POLICY

This Policy contains general guidelines to be followed by the SRWRA in its procurement activities.

In certain circumstances, the SRWRA may, after approval from its Board, waive application of this Policy and pursue a method which will bring the best outcome for the SRWRA. The SRWRA must record its reasons in writing for waiving application of this Policy.

7.1 Emergency Purchases

Purchases can be made without the need to initially follow policy in emergency situations. ***The provisions of this section must not be used as an excuse for not following policy.***

For the purpose of this section emergency situations are restricted to:

- Genuine concerns for public or staff safety;
- Avoiding major expenses;
- Activation of the Emergency Response Plan;
- Activation of the Business Continuity Plan.
- Security of SRWRA's assets (building, equipment or property);

Determination of whether these situations apply will be at the discretion of the Chief Executive Officer.

Where a purchase is made under this section, the following will apply:

- Expenditure should be limited to that required to alleviate the emergency situation only; and
- Appropriate methods of purchase are resumed as soon as practicable; and
- The Chairperson will be consulted; and
- The Board informed as soon as practicable of those circumstances and a report considered at the next meeting

8. DELEGATIONS

The following Officers of SRWRA have delegated authority to sign purchase orders and contracts for the purchase of goods and services on behalf of SRWRA.

In exercising this authority, delegates are required to comply with the SRWRA Charter, and the procedure set out in (5.1):

TITLE		LIMIT \$
Chief Executive Officer	Goods and Services	\$ 100,000
	Professional Services	\$ 100,000
Corporate Services Manager	Goods and Services	\$ 20,000
	Professional Services	\$ 20,000
Operations Manager	Goods and Services	\$ 20,000
	Professional Services	\$ 20,000
Office Manager	Goods and Services	\$ 5,000
	Professional Services	\$ 5,000
Weighbridge Operator	Goods and Services	\$ 1,000
Site Supervisor	Goods and Services	\$ 1,000

- 8.1 The Chief Executive Officer may invoke and revoke delegated authority for the signing of purchase orders exercising due consideration to the requirement to maintain effective internal control without impeding the operational efficiency of the organization.
- 8.2 SRWRA Officers with delegated authority will, when making decisions under this Policy, act in accordance with SRWRA's budget, relevant policies, plans, agreements, resolutions etc.
- 8.3 All procurements exceeding \$100,000 must be submitted to the SRWRA Board for approval, unless exceptional circumstances exist. Please refer to section, 7 for emergency situations where this may apply.

9. **PRUDENTIAL REQUIREMENTS**

The prudential requirements of S48 of the Local Government Act 1999 identify that the owner Councils have responsibility to address the prudential issues for any project identified in S48 (1) (b) and S148 (2) of the said Act.

10. **FURTHER INFORMATION**

- 10.1 This Policy will be kept on the SRWRA's website for the public to view.
- 10.2 This policy will be reviewed every 3 years
- 10.3 However, SRWRA may revise or review this Policy at any time (but not so as to affect any process that has already commenced).