



PURCHASING/TENDERING/CONTRACTING

Version No:	3.0
Issued:	9 May 2018
Next Review:	9 May 2021

1. **OUT OF SERVICES - PURCHASING - SALE AND DISPOSAL OF LAND AND OTHER ASSETS**

The District Council of Franklin Harbour is committed to ensuring a fair, transparent and accountable process, in the provision of services, purchasing of goods and services and in the disposal of land and other assets.

The Council aims to ensure that its methods of:

- service provision, including the carrying out of works,
- purchasing goods and
- the sale and disposal of land and or other assets

are cost effective and meet the needs of the community and represent best value for money.

This policy addresses the key elements of the conduct of Council affairs in these areas and the principles that will guide its decision making processes.

2. **THE LOCAL GOVERNMENT ACT 1999 (“THE ACT”)**

This policy has been developed and adopted in accordance with Section 49 of the Local Government Act.

It will apply to the provision of all services, the purchase of goods and services and the disposal of land and other assets.

3. **SERVICE PROVISION**

The Provision

In fulfilling Council's service provision role, the following principles will apply:

- Consistency with and relevance to Council's Strategic Management Plans.
- Determination of service delivery approaches on the basis of best short and long term value (i.e. quality and cost standards will be met, the service will be responsive to the needs of the community and will be accessible to those for whom it is intended).
- Adoption of efficiency, effectiveness, accountability and transparency measures.
- Consideration of the impact of service delivery approaches on local businesses.
- The desire to retain an appropriate level of staffing.
- Adoption of principles of human resource management and compliance with industrial awards and relevant enterprise agreements.
- The appropriateness and necessity for Council to retain control over the way in which services are provided and its response to emergency situations.
- Compliance with statutory obligations and the National Competition Policy.
- Opportunities for creating or maintaining economic development, employment and growth in the area and participation with other spheres of government, community groups and the private sector in service delivery.

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- Other relevant factors.

Service Provision Options

Council has identified the following options for the provision of services:

- Internal service provision – where Council employees provide the services
- Competitive tendering - exposing the provision of Council services to competition through a formal tendering process irrespective of whether the service has been traditionally provided by Council employees or an external provider. The tendering process may involve "in house" staff tendering with external providers for specific projects, services and activities.
- Contracting out or outsourcing - to an external provider.
- Contestability - involving staff in identifying and adopting productivity improvements in service delivery designed to meet service standards determined through performance measurement, benchmarking and market testing.
- Subsidiaries - where Council establishes an incorporated body for the delivery of services or it co-operates with other Councils to establish such a body. The Local Government Act provides for single Council Subsidiaries or Regional (more than one Council) Subsidiaries.
- Collaborative ventures - where council joins with another organisation, Local Government authority, State Government authority or private sector company to jointly deliver a service.
- Commercial activities – projects which may involve the establishment of joint ventures, trusts, or partnerships.

In identifying the circumstances in which to apply the above options Council will consider:

- Council's Strategic Management Plans.
- Council's Enterprise Agreements.
- Maintenance of control of specific services by Council. For example, Council contracts out town planning & health activities.
- The risks to Council in adopting the various options. For example, Council must be able to meet all its legal obligations.
- The number of competitors in the market place. For example, are there sufficient competitors to ensure that a monopoly situation will not arise?
- The Council's current service delivery arrangements. For example, is the service already contracted out?
- Council's existing resources. For example, does Council have the resources to provide the service in-house?
- Council's desire to enter into commercial activities or projects.
- Council's desire to attract and retain local businesses and increase employment levels within the district.



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4. **PROCEDURE FOR EXTERNAL WORKS BY COUNCIL**

The Chief Executive Officer may cause the Council to provide works and services on a “fee for service basis” where the provision of those works and services are beyond the responsibility of the Council.

The Chief Executive Officer or Works Manager may cause the following to occur:

- (a) Provide a written estimate - where the estimate is a guide but actual costs are charged.
- (b) Provide a written quotation - where Council will be bound to perform to the written quotation.

The Chief Executive Officer shall cause sufficient credit check/bond provisions to be made to safeguard the Council from performing work for non payment.

These provisions do not apply to the reinstatement of streets, roads and footpaths undertaken by the Council as a result of construction work by a utility department or authority.

5. **PURCHASES OF GOODS AND SERVICES**

The Principles

In fulfilling Council's purchasing role, the following principles will apply:

- Consistency with and relevance to Council’s Strategic Management Plans.
- Transparency and accountability in purchasing procedures and practices to ensure that Council purchases at the best price and that all potential suppliers are given equal opportunity to provide the required goods and services.
- Opportunities to enhance local economic development and growth.
- Compliance with statutory and other obligations.
- Commercial confidentiality.
- Other relevant factors.

Purchasing Options

Generally, Council will purchase goods through adoption of the following approaches:

- Direct purchase - where there is only a single supplier or the particular circumstances warrant involvement of only one potential supplier.
- Quotation – seeking quotations from two or more suppliers.
- Selected Tender - seeking tenders from a limited number of suppliers on the basis of, for example, location, previous performance, the result of an Expression of Interest process.
- Open Tender – seeking tenders from the market at large through an open invitation process e.g. advertisement.

In identifying the circumstances in which to apply these options, Council will consider a number of issues, e.g.



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- The number of known suppliers of the goods or services.
- The existence of local suppliers of the goods or services and the impact on the local economy if the goods or services were purchased from outside the council area.
- The total estimated value of the purchase.
- Organisational capacity and attitude to elected Council/staff roles and responsibilities in purchasing.
- Delegation limits taking into consideration accountability, responsibility, operational efficiency and urgency of supply.
- Previous experience with suppliers.
- Compliance with statutory obligations.

6. **PURCHASING POLICY, QUOTATIONS AND TENDERS**

The District Council of Franklin Harbour has adopted the following general policy:

a).

- Where emergency repairs are required which are estimated to cost less than \$5,000.00, a reputable tradesperson, who has a history of cost effective work for the Council, be asked to undertake the work which will include an immediate completion requirement.
- Where the job is estimated to cost between \$5,000.00 and \$15,000.00 a competitive pricing process be used. This is where not less than two tradespersons are asked to submit a price to undertake the job. These prices are to be submitted in writing and awarded to the provider considered most suitable in relation to pricing, service/tradesmanship, quality and backup. No quotes will be necessarily accepted. All offers are to be date stamped and signed by the Executive Officer supervising the process. This process will not apply to trade specific jobs where repairs etc can only be satisfactorily carried out by one company.
- Works and services required by Council which are estimated to cost more than \$15,000.00 shall be submitted to selected or open tender unless the Chief Executive Officer determines it is not practical or Council approves that the acquisition not be subject to the tender process depending on the circumstances of each case. This does not preclude the calling of tenders for purchases or services estimated to cost less than \$15,000.
 - **Exception to the rule – Bulk Fuel Purchases up to the value of \$25,000 are permitted with 2 quotes, on the understanding that twice a year the number of parties quoting is expanded to at least 3.**
- All invitations to tender must specify a closing date which may only be extended by the Council.
- All tenders must be received by the Chief Executive Officer prior to the closing date and must be in sealed envelopes clearly identified as containing tenders.



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- The Chief Executive Officer or his/her nominee shall have custody of the Tender Box, and the unopened tenders therein. All tenders received and recognised as such must immediately be placed in the Tender Box.
- When an envelope containing a tender is not marked as required, and is opened in the normal process of mail handling, the tender and the envelope are to be sealed into another envelope by the person dealing with the mail, correctly endorsed with the tender number and signed by the officer, and immediately placed into the Tender Box. The contents of the tender must not be divulged to any other person by the said officer.
- When the tender is received electronically or hand delivered, the officer receiving the tender will place the tender number on the document, sign and immediately place in the Tender Box.
- The tender box shall only be opened after the close of tenders in the presence of one Officer and one administration member, who shall date stamp and sign all tenders received.
- Tenders received shall be presented to Council for consideration, including a comparison summary if considered necessary by the Chief Executive Officer.
- No Tenders will be necessarily accepted.
- In response to any enquiry, the Council only needs to disclose the identity of the successful tenderer, or of any reasons as to why a successful tenderer has been selected, if appropriate in the particular circumstances.

7. PURCHASING PROCEDURES

- No goods or services are to be purchased by the Council unless they have been included in the approved budget of the Council.
- Goods and services shall be obtained only by use of a Council Order provided that in urgent cases, goods and services may be ordered subject to confirmation by an official order.
- The Council Orders shall be numbered consecutively and stocks of unused Council Orders shall be listed in a register under the control of the Chief Executive Officer.
- It shall not be necessary to issue a Council Order for:
 - (a) Fees or payments imposed under any Act;
 - (b) Professional Services, insurance and freight charges;
 - (c) Payments pursuant to any award binding upon a Council;
 - (d) Payments pursuant to any Court order binding upon a Council;
 - (e) Goods purchased from petty cash.



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- The following employees are Authorised Officers to sign a Council Order:

Administration	Works
Chief Executive Officer	Works Manager
Manager Corporate Services	Operations Manager
Payroll Officer	Town Supervisor
Tourism Officer	Roads Supervisor

NOTE: See Delegations Matrix (Attachment 1) for purchasing thresholds

- The Authorised Officer shall have regard to the purchasing principles and options under this policy before proceeding to order the goods or services.
- Where appropriate, consultation should take place between management and Employees to determine the qualities and safety aspects appropriate to the goods being purchased and to ensure that goods are satisfactory for the purpose for which they are required.
- Freight Arrangements
 - A carrier should be nominated for goods purchased from areas outside of Cowell.
 - Local purchases can be collected by Council employees using Council vehicles. (Employees are cautioned as to the dangers of lifting heavy items and should comply with recommended manual handling procedures).
- Goods purchased should comply with Australian Design Standards and meet Councils requirements in terms of Work, Health and Safety.
- Preference for local suppliers is encouraged where the price, quality and backup service are competitive and suitable.

8. RECEIPT OF GOODS

- All goods and services received shall be checked by the receiving Officer to ensure that:
 - quantity of goods conforms with the order
 - goods are in good order and condition
 - price charged is in accordance with the order and is fair and reasonable
 - all calculations are correct
- The Receiving Officer shall sign appropriate documentation to indicate that the appropriate checks have been made.
- All documentation (including cart notes) should be handed to the Accounts Officer for creditors processing for matching with invoices when received.

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9. **SALE AND DISPOSAL OF LAND AND OTHER ASSETS**

The Principles

For the sale and disposal of land and other assets, the following principles will apply regarding decisions of Council:

- Consistency with and relevance to Council's Strategic Management Plans.
- Transparency and accountability in sale and disposal procedures and practices to ensure that Council obtains the best price and that all potential purchasers are given equal opportunity to purchase the land or assets (subject to other relevant factors).
- Opportunities to enhance local economic development and growth.
- Compliance with statutory and other obligations eg; land classified as "community land" cannot be disposed of.
- Commercial confidentiality.
- Other relevant factors eg; regional/rural areas often rely on incentives to attract and/or retain suitably qualified key personnel. The District Council of Franklin Harbour currently does this through provision of rental housing for key Council staff. Should one of these properties become the subject of a request for purchase by the occupant/s the Council may consider sale and disposal by private negotiation.

Sale and Disposal Options

Generally, Council will sell or dispose of land and other assets through adoption of the following practices:

- Direct sale - advertisement for sale and the nature of the advertisement i.e. public notice, local paper etc.
- Quotation - seeking quotations for the sale of land and other assets.
- Selected Tender - seeking tenders from a selected group of persons/companies etc.
- Open Tender - openly seeking, through advertisement, tenders, or buyers for Council, land and other assets.
- Private negotiation – only if requested by a key employee and only subject to satisfying certain pre-conditions as outlined in this policy.

In identifying the circumstances in which to apply these options, Council will consider a number of issues, e.g.

- The number of known potential purchasers of the land or assets.
- The original intention for the use of the land or asset when purchased, where relevant.
- The current and possible preferred future use of the land or assets.
- The existence of local purchasers of the land or asset.



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- The opportunity to promote local economic growth and development.
- The total estimated value of the sale.
- Delegation limits taking into consideration accountability, responsibility, operational efficiency and urgency of the sale.
- Compliance with statutory and other obligations.
- Any request from a key employee to purchase a Council property will only be considered by Council after Council being satisfied:
 - a) That in the long term interests of the district the need to negotiate a private sale outweighs the principle of giving all potential buyers an opportunity to bid
 - b) That an independent qualified valuation is obtained and the property is not sold for less than that valuation
 - c) That transparency and accountability to the community is maintained so far as is practicable in the circumstances of any such negotiations.
 - d) That disposal of such asset is not likely to disadvantage the community due to its non-availability being a disincentive to attracting key personnel in the future.

10. **GENERAL POLICY ON SALE & DISPOSAL OF LAND & OTHER ASSETS**

The District Council of Franklin Harbour has adopted the following general policy.

Disposal of Council land (not classified as community land)

Council land (including buildings) that is surplus to requirement must be disposed of by formal tender or auction unless otherwise directed by Council due to extraordinary circumstances. In the case of auction a reasonable reserve price must be set by Council.

The Council shall have regard to Chapter 10, Section 184 and Chapter 11 of the Local Government Act 1999 when disposing of Council land.

Disposal of Goods and materials

Where the Council is satisfied that goods or materials are surplus to Councils requirements they shall be disposed of by formal tender or auction.

Where there are surplus low value items (such as used grader blades, minor office furniture or salvaged material etc) the Council may make them available for purchase from the Council depot.

The highest tender for any surplus goods or materials shall be accepted. If the highest tender is not accepted the Council shall record the reasons for not accepting the highest tender.

11. **THE DECISION MAKING PROCESS**

Council recognises that the community, local businesses and contractors will from time to time have an interest in the manner and approach adopted by Council when determining service delivery, purchasing and disposing of land and other assets.



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Council or its officers with delegated authority will, when making decisions under this Policy, act in accordance with the Council's budget, relevant policies, plans, industrial awards, agreements, resolutions etc.

Council acknowledges that the CEO may sub-delegate matters related to this policy to staff or other persons employed or engaged by Council.

Council may also delegate matters covered by this policy to its Committees or Subsidiaries.

12. **FURTHER INFORMATION**

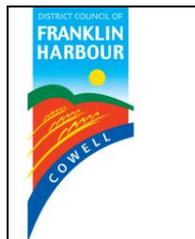
Members of the public may inspect this Purchasing/Tendering/Contracting Policy at the principal office of the District Council of Franklin Harbour, 6 Main Street Cowell SA 5602, and on payment of a fee obtain a copy. A copy may also be downloaded from Council website www.franklinharbour.sa.gov.au.

13. **REVIEW OF THE POLICY**

This Purchasing/Tendering/Contracting Policy will be reviewed by the District Council of Franklin Harbour within 12 months after each general election of Council. However, Council has the right to review this Code at any time, if considered desirable.

Adopted by Council	8 December 2010
Reviewed and updated	14 December 2011
Reviewed and updated	14 October 2015
Reviewed and updated	May 2018

SIGNED:	
Responsible Officer	Date:



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Delegations matrix

	operating expenditure		Capital expenditure				Staff & Contractors			Cheque signatories & EFT payments
	within annual plan or budget \$	not in plan or over budget	within annual plan or budget \$	not in plan or over budget	Plant and vehicles		within establishment		outside	
					within annual plan or budget \$	not in plan or over budget	hire	fire	establishment incl Legal	
CEO	unlimited	\$50k	unlimited	\$20k	unlimited	\$20k	Yes	Yes	Yes	to be signed by CEO & one other
Council meeting	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited				
Mayor	\$2k	nil	nil	nil	nil	nil			Legal	
Elected members	nil	nil	nil	nil	nil	nil				
Works Manager	\$25k	\$5k	\$50k	nil	\$30k	nil	No	No	No	
Operations Manager	\$25k	\$5k	nil	nil	nil	nil	No	No	No	
Mechanic	\$1k	nil	nil	nil	nil	nil				
Town Supervisor	\$1k	nil	nil	nil	nil	nil				
Roads Supervisor	\$1k	nil	nil	nil	nil	nil				
Manager Corporate Services	\$20k	\$2k	\$10k	nil	nil	nil	No	No	No	
Office staff (Payroll & Tourism)	\$2k	nil	nil	nil	nil	nil				
Planning & Other										
Planning	\$1k	nil	nil	nil	nil	nil				
Building	\$1k	nil	nil	nil	nil	nil				
Health	\$1k	nil	nil	nil	nil	nil				
Cowell Cottages Committee	\$5k	nil	\$10k	nil	n/a	n/a				