
Procurement policy

Responsible Officer: Group Manager People and Performance (Helen McNeil)

Recommendation

That Council:

1. Revoke the Procurement policy dated 17 December 2014 ([Attachment 2](#)) and any other policies revived as a result of the revocation; and
2. Adopt the revised Procurement policy attached to this report ([Attachment 1](#)).

Background

Under the *Local Government Act 1993* councils, including county councils, have an obligation to consider and apply principles of sustainability in their decision making and financial management practices.¹

'Sustainability' is generally considered to mean a situation, comprising environmental, social and economic aspects, in which the needs of the present are met without compromising the needs of future generations.²

The international standard on sustainable procurement (ISO 20400:2017) recommends that sustainable procurement principles be embedded at the policy and strategic level of an organisation to ensure sustainable purchasing is not merely conducted as an ad-hoc activity and that the organisation's intentions and values are clearly communicated to its stakeholders.

Council currently has in place a Procurement policy adopted in 2014, prior to the amalgamation of Rous Water, Richmond River County Council and Far North Coast County Council.

This pre-amalgamation policy has now been revised to align with the first pillar of Council's current Business Activity Strategic Plan – Sustainable Delivery – and the principles of sustainable procurement as outlined in ISO 20400:2017.

Key policy changes

The revised Procurement policy is provided as [Attachment 1](#) to this report.

It strives to balance communicating Council's strategic priorities simply and concisely while providing sufficient operational detail to ensure those priorities are implemented by staff.

While the 2014 policy refers to aspects of sustainability, the weight of this message is diluted by the amount of theoretical and administrative detail also contained within the policy, some of which is captured elsewhere in other Council documents (for example, tender and contract templates, and other policies and procedures).

For these reasons, content currently within the 2014 policy deemed administrative or operational in nature has now been captured within related internal procedural or other documents.

¹ Refer to sections [8A\(2\)](#) and [8B](#) of the *Local Government Act 1993* (NSW)

² Refer to definition of 'sustainability' at clause 3.33 of ISO 20400:2017 'Sustainable Procurement – Guidance'

The revised policy maintains a preference for local suppliers/supplies (consistent with the 2014 policy) whilst also highlighting a preference for Indigenous suppliers (in order to align with Council's Reconciliation Action Plan objectives).

Local suppliers under the revised policy, as under the 2014 policy, are considered to be suppliers within the Ballina, Byron, Lismore, or Richmond Valley local government areas in the first instance, and within the Clarence, Kyogle, and Tweed local government areas in the alternative.

The details of applying the local supplier or Indigenous supplier weighting during the evaluation of submissions will now be captured within Council's procurement procedure and tender evaluation matrix, rather than within the policy document. As indicated in the 2014 policy, it involves applying a percentage (%) discount to the proportion of the assessable tender price that can be attributed to a local supplier/supply or Indigenous supplier. A worked example is provided below for illustrative purposes:

In response to a request for tender, a business submits a tender to Council offering to provide goods for a total amount of \$148,000. The business can demonstrate that the goods to be provided which are locally sourced account for 90% of the total tender price (ie. the 'local preference score'). The local supply/supplier weighting (discount) is applied as follows:

*= weighting (%) x local preference score (%) x total assessable tender price (\$)
 = 0.05 x 0.90 x \$148,000
 = \$6,660*

The tender value is therefore assessed as being: \$148,000 - \$6,660 = \$141,340

Governance

- **Integrated Planning and Reporting**

| Ref | Delivery objectives | 2022-23 actions | What is being measured |
|-------|--|--|--------------------------------------|
| 1.1 | A healthy environment | | |
| 1.1.1 | Environmentally responsible procurement. | Develop a procurement strategy and review existing policy to focus on waste minimisation and environmental impact. | Revised strategy and policy adopted. |

- **Finance**

Placing a higher emphasis on quality and sustainability is expected to lead to better outcomes for Council and its stakeholders, however this may result in an increase in the financial costs of Council projects.

- **Legal**

The revised Procurement policy is not a 'local policy' under the *Local Government Act 1993* and is not required to be placed on public exhibition prior to being adopted.

As the revised policy gives effect to the strategic direction already adopted by Council, to pursue sustainable delivery of services and environmentally responsible procurement, it is not proposed to be placed on public exhibit prior to being adopted by Council.

Consultation

The revised policy was prepared by the Governance, Risk and Procurement team.

General feedback on the revised Procurement policy was sought from Council's leadership team.

Targeted feedback was sought from Planning and Delivery and Operations staff most commonly responsible for high value procurement activities. This was to ensure the proposed policy principles were practical and could be applied at an operational level.

This feedback has been incorporated into the revised Procurement policy and associated procedures, where appropriate.

Conclusion

A review of the current Procurement policy has been undertaken and a new policy has been developed to align with Council's strategic direction as well as international standards on sustainable procurement.

Attachment

1. Revised Procurement policy (**for adoption**)
2. [Procurement policy dated 17 December 2014](#) (**for revocation**) (website link)