

# Kyogle Council

## Procurement Policy



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## 1 Title

This Policy may be cited as Kyogle Council's Procurement Policy.

## 2 Validity

This Policy derives its validity from Council Resolution number CO/0419/19.

## 3 Policy Objectives

The objectives of this Policy are;

- To deliver quality outcomes at competitive prices while recognizing the impact of procurement decisions on local industry and economic development
- To ensure that all legislative and statutory requirements and guidelines are met in relation to tendering and procurement more generally
- To ensure value for money remains the primary outcome in all procurement processes, based on whole of life costs and compliance with specifications and quality requirements
- to support the Kyogle local government area's economic development by ensuring Council seeks to source goods and services from local suppliers where possible
- To provide for consideration of non-price criteria and value adding components such as economic, social and environmental outcomes or initiatives, in the tendering and procurement processes

In order to achieve these objectives Council will;

- Ensure a “buy local” culture exists within Councils operations
- Package procurement in appropriate sized contracts and engagements to help build local capacity and encourage competition
- Partner with local businesses and provide guidance to assist them meet any pre-qualification requirements for providing goods and services to Council
- Ensure that buying practices, procedures and specifications do not disadvantage local suppliers and ensure transparency in quotation, tendering and procurement management practices
- Encourage the use of local transport and distribution services within the delivery chain whenever goods, materials or services are to be sourced from outside the local government area
- Encourage and promote the use of environmentally sustainable, recycled, and recyclable materials and products, and waste

minimisation and appropriate disposal of waste, when procuring goods, materials or services.

## 4 Contract Management

### 4.1 Method of Tendering

For all contracts where Council is required by the Local Government Act and its regulations to invite tenders, the open tendering method where tenders are invited by public advertisement shall be used unless a decision to use another tendering method is made for the specific tender.

The alternative tender methods that can be used are;

- Selective tender by invitation following a public advertisement seeking expressions of interest
- Selective tender where recognised contractors selected from a list prepared or adopted by the council are invited to tender for proposed contracts of a particular kind

### 4.2 Contract Register

The General Manager is responsible for maintaining a register of all contracts over \$150,000 in value in line with the requirements of Part 3, Division 5 of the Government Information (Public Access) Act 2009. The register shall include the following information about each contract on the register;

- (a) the name and business address of the contractor,
- (b) particulars of any related body corporate (within the meaning of the *Corporations Act 2001* of the Commonwealth) in respect of the contractor, or any other private sector entity in which the contractor has an interest, that will be involved in carrying out any of the contractor's obligations under the contract or will receive a benefit under the contract,
- (c) the date on which the contract became effective and the duration of the contract,
- (d) particulars of the project to be undertaken, the goods or services to be provided or the real property to be leased or transferred under the contract,
- (e) the estimated amount payable to the contractor under the contract,
- (f) a description of any provisions under which the amount payable to the contractor may be varied,
- (g) a description of any provisions with respect to the renegotiation of the contract,
- (h) in the case of a contract arising from a tendering process, the method of tendering and a summary of the criteria against which the various tenders were assessed,

- (i) a description of any provisions under which it is agreed that the contractor is to receive payment for providing operational or maintenance services.

**5 Details for each contract are to remain on the contract register until such time as the project is complete, the goods and services have been provided, or the term of a lease has expired, or the real property has been transferred. The contract register is to be published on the Council website.**

**Use of Non-Price Evaluation Criteria**

Where non-price criteria are included in the assessment of quotations, tenders and other procurement methods, this should be done in line with this Policy and any operational processes or procedures.

**5.1 Standard Non-Price Criteria**

The standard non-price criteria are set out below;

**1. Management Systems**

- safety, environmental and quality systems as well as financial capability

**2. Local Content**

- use of local contractors, businesses, suppliers and labour

**3. Past Experience**

- Experience in similar projects or services and innovation offered

**4. Personnel and Resources**

- project personnel and access to the resources required for the project or services

**5.2 Weighting of Non-Price Criteria**

The use of non-price criteria in the evaluation of a procurement process will vary depending on the scale and scope of the proposed procurement process or project. When non-price criteria are used in the procurement process, the weighting of each criterion will be established separately.

For example, a typical large to medium construction project with an estimated cost over the current \$150,000 the weightings might be as follows;

- Price – 60%
- Management Systems – 10%
- Local Content – 20%
- Past Experience – 5%
- Personnel and Resources – 5%

- **Total – 100%**

### **5.3 Scoring of Non-Price Evaluation**

The evaluation of non-price criteria should be undertaken using the following scoring methodology;

- **100%** - Provides all elements of an ideal outcome.
- **80%** - Meets the minimum requirements plus most elements of an ideal outcome
- **60%** - Meets the minimum requirements plus some elements of an ideal outcome
- **40%** - Meets the minimum requirements and is considered just satisfactory.
- **<40%** - Fails to meet minimum requirements (not considered)

### **5.4 Tender Evaluation**

For each tender where non-price assessment criteria are to be used, a Tender Evaluation Plan is to be prepared that details the assessment criteria and the method of scoring. The Tender Evaluation Plan is to be prepared and signed off by all members of the tender evaluation panel prior to the opening of tenders. All tender evaluation panel members are also required to sign a declaration of conflicts of interest regarding the tender evaluation prior to the opening of tenders.

## **6 Retention Bond Management**

### **6.1 Nature and Form of Retention Bonds**

Council holds retention bonds associated with contracts and approvals for maintenance and liability protections. The form of the retention bond will vary depending on the nature of the contractual arrangement or approval being issued. Retention bonds include, but are not limited to;

- Maintenance bonds, bank guarantees and payment retention associated with contracts for works and services on behalf of Council
- Maintenance bonds associated with developer funded works on Council assets or assets to be transferred to Council
- Construction bonds associated with approvals such as Vehicular Access, Plumbing Permits and Relocated Homes.

### **6.2 Outstanding Retention Bonds**

Council will review the retention bonds held by it annually. All retention bonds that have been held for a period of more than five years and that remain unclaimed will be transferred into consolidated general revenue. Council will make all reasonable efforts to contact the party associated with the retention bond advising them of this transfer and the requirements for claiming back the retention bond monies. The transfer of the retention bond into consolidated general revenue does not restrict the ability of the

party associated with the retention bond to claim back the equivalent amount of the retention bond at a later date, when the requirements for the release of the original retention bond have been met.

### 6.3 Guide to Scoring Non-Price Evaluation Criteria

The following table provides a guide to the scoring of non-price criteria when used in the evaluation of tenders or quotations for services.

Score	Management Systems	Local Content	Past Experience	Personnel and Resources
<b>100%</b> - Provides all elements of an ideal outcome	System is certified to relevant ISO/AS standards	Company based in Kyogle Council boundary and using mostly local contractors, businesses, suppliers and labour	Has successfully completed several similar projects in the past 3 years	Nominates qualified personnel with extensive experience and availability of adequate resources
<b>80%</b> - Meets the minimum requirements plus most elements of an ideal outcome	System is certified by NSW Government	Company based within 100km of Kyogle Council boundary and using mostly local contractors, businesses, suppliers and labour	Has successfully completed a few similar projects during the past 3 years	Nominates qualified personnel with some experience and availability of adequate resources
<b>60%</b> - Meets the minimum requirements plus some elements of an ideal outcome	System and controls meet the project specific specifications	Company based within 100km of Kyogle Council boundary and using some local contractors, businesses, suppliers and labour	Has successfully completed several similar projects in the life of the company	Nominates personnel with some experience and availability of some resources
<b>40%</b> - Meets the minimum requirements and is considered just satisfactory	System and controls are considered satisfactory.	Company based over 100km from the Kyogle Council boundary and using some local contractors, businesses, suppliers and labour	Has successfully completed a few similar projects in the life of the company	Nominates personnel with some experience and limited availability of resources
<b>&lt;40%</b> - Fails to meet minimum requirements (not considered)	System and controls are considered unsatisfactory	Company based over 100km from the Kyogle Council boundary and provides little effort in the use of local contractors, businesses, suppliers and labour	Does not have adequate experience in similar projects	Fails to nominate a team with appropriate qualifications and experience, or the availability of adequate resources