

PROCUREMENT POLICY

OBJECTIVE

This Policy provides direction in relation to the purchasing functions of Dulverton Waste Management (DWM) and establishes a decision framework that:

- Allows purchases to be made in an open, fair, and transparent manner at all times.
- Selection of vendors on their ability to provide materials and services that support value for money and compliance with relevant safety standards and legislation.
- Promotes purchasing practices that support overall value for money, which may not necessarily mean choosing the lowest price. Factors in the product selection process will include consideration of fitness for purpose, estimated life, timely delivery, maintenance and local after sales service, where appropriate.
- Promotes DWM's commitment to environmental sustainability and protection. This will be pursued by promoting purchasing practices which conserve resources, save energy, minimise waste and maintain environmental safety and quality whilst being consistent with the 'value for money' principle.
- Appropriately manages risk.
- Considers business sustainability.

This Policy is to be read in conjunction with, and forms part of, DWM's Code for Tenders and Contracts. It should also be read in the context of DWM managing the business as a Joint Authority under the Local Government Act.

ASSOCIATED LEGISLATION AND RELEVANT POLICIES

Relevant legislations include:

- Local Government Act 1993
- Local Government (General) Regulations 2015 (or successor legislation) ('the Regulations')
- Competition and Consumers Act 2010
- Corporations Act 2001
- Work Health & Safety Act 2012
- DWM Delegated Authority for the Chief Executive Officer Policy (MFID 640)
- DWM Code for Tenders and Contracts
- DWM Staff Gifts and Benefits
- DWM Fixed Asset Policy (MFID 31921)
- DWM Financial Delegations Policy

PROCUREMENT PROCEDURES - GENERAL

Purchasing and commissioning of services are considered to include:

- Where DWM seeks professional and/or contract services in the course of normal operations; and
- Where DWM requires services or to purchase equipment/works, designs or the like for capital development.

All figures in this policy are exclusive of GST in accordance with Regulation 23 of the Local Government Act 1993.

Purchasing Thresholds

The following outlines the details of the thresholds and summarises the procurement practice and procedures that will be utilised based on the total dollar value of the purchase (ex GST).

These requirements will be applied to the procurement of all goods and services except in certain identified circumstances. The circumstances in which the following requirements need not be followed are described under the Exemptions and Approved Supplier Arrangements outlined in this Policy.

Purchases below \$10,000	<p>Direct Purchase - Verbal Quotations</p> <p>No formal quotations are required. Verbal quotations may be sought. A Purchase Order being raised for any amounts over \$5,000. Approved financial delegation thresholds must be followed.</p>
Purchases between \$10,001 and \$50,000	<p>At least two written quotations will be obtained (unless the CEO determines it is impractical to do so) of which at least one must be sought from a local business providing suitable options exist.</p> <p>The bid most advantageous to DWM shall be selected. Reasons for acceptance of other than the lowest quote must be documented and authorised by the relevant Manager.</p>
Purchases between \$50,001 and \$250,000	<p>At least three written quotations will be obtained (unless the CEO determines it is impractical to do so). At least one must be sought from a local business providing suitable options exist for goods or services required.</p> <p>A request for quote or tender is required for purchases exceeding \$100,000.</p> <p>The works and assessment criteria will be clearly specified. The extent of criteria will depend on the complexity and value of works. In many cases, lowest price in compliance with the specification may be the assessment criteria.</p> <p>Written quotes will be assessed by at least two people, and the procurement decision will be documented.</p>

<p>Service/Purchases greater than \$250,000</p>	<p>Formal public tenders in accordance with DWM’s Code for Tenders and Contracts procedure.</p> <p>The following process must be followed:</p> <ul style="list-style-type: none"> • The scope or specification, price, schedule for delivery and commercial terms must be defined in writing. • Tender assessment criteria and weightings are to be developed and published in the tender scope or specification. • Tenders are to be assessed against the assessment criteria by at least two people. The Board of Directors¹ may decide that an independent person with the appropriate skills is to be appointed to assist with the assessment. • A Probity Declaration must be completed. • Consultants or providers/contractors must provide evidence of Public Liability insurance of not less than \$20m and Professional Indemnity insurance of not less than \$2m, unless otherwise agreed in writing by the CEO based on the nature of the work. • Contractors must provide evidence of Public Liability insurance of not less than \$20 million and maintain suitable quality, safety and environmental management systems. • Establishing that there are satisfactory funds and resources available to cover the commitment. • Any other minuted criteria as required by the Board of Directors or Councils where the procurement is for a regional contract for goods or services. <p>Appropriate Contracts of service are signed by DWM and supplier representatives.</p>
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Environmental Consideration

For major site works exceeding \$250,000, the CEO will be responsible for putting in place the systems that identify and document the environmental and safety aspects and impacts of the contract in the tender documents. For site works under this value, the Operations Manager will determine environmental and safety aspects.

Procurement will be a lever to support the development of the circular economy and DWM will actively seek to use goods with recycled/recyclable content where such products meet the needs and durability required for use. DWM will also include assessment criteria, as appropriate to the procurement, that prioritises design or works that include whole of life use of resources.

Alternate purchasing options

To ensure efficient and market tested purchasing, DWM will work towards establishing a panel of providers for commonly procured goods and services, as outlined in Clause 25 of the Local Government regulations for Multiple Use Registers. Any such registers will be for a maximum duration of 2 years with the ability for new suppliers to be added throughout that time as permitted by the regulations.

¹ Depending on the circumstance, the Board of Directors could refer to either the DWM Board of Directors or the Cradle Coast Waste Management Group and its Board of Directors or the Waste & Resource Recovery Board of Tasmania

Similarly, where there are other panels of providers that DWM can access, as provided for the LGA, these may be used.

For works that occur in stages, DWM may seek a multiple-stage tender providing this is prepared in accordance with Clause 26 of the Local Government regulations. Refer to the Code for Tenders and Contracts for further detail.

EXEMPTIONS

The Act provides for some exemptions to the public tender process, and these exemptions are set out in the Regulations. These Regulations form the basis of exemption categories to be applied to this procurement policy for procurements of less than \$250,000.

The Chief Executive Officer may choose to not use the quotation process outlined in this procurement policy where the goods and services sought cost less than \$250,000 excluding GST and relate to:

- a) an emergency if, in the opinion of the Chief Executive Officer, there is insufficient time to obtain quotes for the goods or services required in that emergency;
- b) a contract for goods or services obtained through, or supplied or provided by an agency of a State or of the Commonwealth;
- c) a contract for goods or services supplied or provided by a council, a single authority, a joint authority or the Local Government Association of Tasmania;
- d) a contract for goods or services in respect of which a council is exempted under another Act from the requirement to obtain quotes;
- e) a contract arising when the DWM is directed to acquire goods or services due to a claim made under a contract of insurance; or
- f) any other exemption provided for under the Act or other legislation, including:
 - i. where it can be established that there is only one supplier of a particular product or service and there is no appropriate substitute available, or where alternative options are not suitable or do not provide value for money;
 - ii. where the original product or service has been selected through an open tender process and the request for exemption relates to the proposed purchase of an upgrade or addition to the existing system and there are limited supply options;
 - iii. where the product is being tested/trialled to assist in the evaluation of its performance prior to a large-scale purchase for which open tenders will be called;
 - iv. to assist in the development of a new product/process in conjunction with a private sector business;
 - v. where there are established whole-of-Government contracts for the supply of goods or services to agencies and other authorised organisations; or
 - vi. where the provision of goods and services are of a specialised nature that requires a high level of relevant intellectual property and its operations (e.g., specialists, consultants, legal services, specific training needs, supplier of goods for emergency repairs etc.). The CEO will authorise specialist service arrangements and record this authorisation with an appropriate file note including the basis for any review.
 - There are certain goods and services where the Operations Manager or CEO may determine that a particular supplier should be used. Most commonly this will be in

the provision of specialist services where a relationship has been developed and the quality of the services has been consistently high. It may also be where there is an ongoing need to share confidential information such as legal advice.

These procurements will be approved through the relevant established approval process at the time.

Transparent reporting

The exercise of exceptions under either the exemptions, or where the CEO deems it impractical, must be clearly documented, and reported to each A&RC Meeting.

Goods and services that are required with genuine emergency include the following circumstances:

- a) in the case of a natural disaster;
- b) a risk to employee safety;
- c) a risk to contractor, customer or public safety;
- d) the security of DWM's premises;
- e) an environmental risk; or
- f) a risk to DWM assets.

As provided by the provisions of the Act, the CEO may determine the relevance of similar emergency circumstances under the emergency exemption category. The use of the following exemption categories for purchases of less than \$250,000 may only be authorised by the CEO:

- a contract for goods or services that is entered into at public auction;
- a contract of employment with a person as an employee of DWM; and
- any other exemption provided for under the Act or other legislation.

The Chief Executive Officer is to report any use of these exemptions to the Board at its next regular meeting.

PREFERRED SUPPLIERS

It is recognised that circumstances may exist where DWM is best served by the provision of goods and services by preferred suppliers. These circumstances will usually be limited to specialised goods and services. Under the following circumstances, the purchase of goods and services of less than \$250,000 may be made without obtaining quotes:

- a) where it can be established that there is only one supplier of a particular product or service and there is no appropriate substitute available, or where alternative options are not suitable or do not provide value for money;
- b) where there is an existing contract between DWM and the supplier for the supply of related products or services;
- c) where an original product or service was selected through an open tender process and the request for exemption relates to the proposed purchase of an upgrade or addition to an existing asset or system, and there are limited supply options;
- d) the product is being tested/trialled to assist in the evaluation of its performance prior to a large-scale purchase for which open tenders will be called;

- e) to assist in the development of a new product/process in conjunction with a private sector business;
- f) where the Department of Treasury and Finance has established whole-of Government contracts for the supply of goods or services to agencies and other authorised organisations; or
- g) where the provision of goods and services are of a specialised nature that requires a high level of familiarity with DWM and its operations (e.g., specialist consultants, legal services, specific training needs, supplier of goods for emergency repairs or similar).

RESPONSIBILITIES

Chief Executive Officer

- To meet the requirements of the Policy; and
- To set, review and approve employees' delegation limits.

Employees

All DWM employees are required to purchase goods and services required by the Authority within their approval limit and comply with the relevant DWM procedures, delegations, and legislation.

The Board of Directors² has provided a delegation to the CEO to expend funds. The CEO has in turn provided delegations to specific employees with threshold limits, as set out below:

Financial Delegations Thresholds		Conditions
Board of Directors	Unlimited	
Chief Executive Officer	Unlimited	Authorisation from the Board of Directors is to be received, prior to seeking any tender on purchases greater than \$250,000. Where the purchase is included in the Annual Plan and Budget approved by the Board this is considered to be prior approval.
Operations Manager	\$100,000	Authorisation from the CEO is to be received, prior to approving any purchases over \$100,000.
Other Managers	\$50,000	Authorisation from the CEO is to be received, prior to approving any purchases over \$20,000.
Other Staff	\$5,000	

Delegates are to ensure that any variations to the initial quoted/contracted amount do not cumulatively exceed the threshold of the delegate's delegation. Where this occurs, the delegate is to detail the events and circumstances of the variation and seek further appropriate authorisation for the total amount.

² Depending on the circumstance, the Board of Directors could refer to either the DWM Board of Directors or the Cradle Coast Waste Management Group and its Board of Directors or the Waste & Resource Recovery Board of Tasmania

A single large transaction, which may exceed the delegated limit of authority cannot be split into multiple, smaller, transactions that then fall within the levels of authority for that delegate.

If, following the acceptance of a quote, the quote is subsequently altered by the contractor to exceed 10% of the initial quoted amount, the delegate is to ensure that all such variations are documented and justified by a staff member within their delegated financial threshold.

All purchases with a credit card, by the CEO or personnel, will be undertaken in accordance with the “Process & Authorisation for Credit Card Receipts & Credit Card Statements” procedure. (NOTE: all credit cards have a maximum monthly limit of \$10,000)

To maintain the effect of this policy, it is noted that the CEO may:

- review the Financial Delegations Thresholds based on organisational change to best reflect the nature of the assigned responsibilities of staff; and
- revise, modify and/or withdraw the financial delegations held by staff at any time by notice in writing.

Where such changes occur the Audit and Risk Committee are to be advised at the next available meeting.

CEO Reporting Responsibilities

The CEO (or their delegate) is required to regularly report expenditures to the Board of Directors, through the Financial Reports and Capital Task Lists.

Material Variations	Reporting Requirements
Greater than \$50,000 but less than \$250,000	All material changes will be reported at the next Board meeting.
Greater than \$250,000	All expenditure is to be approved by the Board prior to the spend occurring, unless an alternative agreed approach has been approved by the Board.

Material changes for each are considered to be variations that exceed 10% cumulative, or as specifically agreed to by the Board.

REVIEW

This policy will be reviewed every four years unless directed otherwise by the Board, or earlier if a legislative change occurs.

REFERENCE			
APPROVED BY:	DWM Board of Directors	MINUTE NO.:	MFID 1592286
APPROVAL DATE:	26/04/2023	REVIEW DATE:	April 2027