

PROCEDURE

CODE FOR TENDERS AND CONTRACTS

PURPOSE

The purpose of this Code for Tenders and Contracts ('the Code'), is to provide a policy framework on best practice Tendering and Procurement methods in line with the legislative requirements of the Local Government Act 1993 ('the Act') and the Local Government (General) Regulations 2015 (or successor legislation) ('the Regulations').

With this Code, DWM aims to achieve the Tendering principles of:

- a) open and effective competition;
- b) value for money;
- c) enhancement of the capabilities of local business and industry; and
- d) ethical behaviour and fair dealing.

This Code:

- is consistent with the Act and the Regulations; and
- includes procedures and guidelines for any prescribed matter.

As a measure of accountability and transparency, the CEO will:

- make a copy of this Code (and any amendments) available for public inspection at DWM's offices during ordinary office hours;
- provide a copy of this Code to any interested party free of charge; and
- publish a copy of this Code on DWM's website.

The Act and the Regulations require DWM to invite Tenders for any Contract it intends to enter into for the supply or provision of goods or services valued at or above the legislated prescribed amount in the Regulations. In accordance with the Regulations, DWM will invite Tenders by one of the following means:

- a) an open Tender process;
- b) a Multiple-Use Register (refer Section 3.7); or
- c) a Multiple-Stage Tender (refer Section 3.8).

Section 27 of the Regulations describes circumstances where there is to be no application of the public tender process.

DEFINITIONS

In this Code the following words have the following meanings:

Code – refers to this Code for Tenders and Contracts.

Conditions of Tendering – means the documents referred to in Section 6.

Contractor – a person or organisation, external to DWM, engaged under a Contract for services (other than as an employee) to provide specified goods or services.

Contract – a Contract is an obligation, such as an accepted offer, between competent parties with consideration to do some act.

Expression of Interest – a submission to DWM either by a publicly advertised invitation process or by direct request.

Invitation for Quotations – a process used to secure Contracts for goods or services.

Multiple-Stage Tender – a process that allows for a staged assessment of the market to be made in terms of the capabilities of potential suppliers and the goods and services that are available to satisfy the requirement, before a final Tender stage is undertaken with selected suppliers.

Multiple-Use Register – a register of suppliers who, in response to an Expression of Interest, meet criteria established by DWM in respect of the supply of goods or services.

Pre-qualification – is an assessment of a supplier's financial, managerial and technical resources and competence to execute and complete a variety of work - in advance of an actual procurement process being undertaken. Prequalification classifies suppliers according to their expertise and capability in specific work categories within a specific financial range. Pre-qualification is linked to the Department of Treasury and Finance guidelines.

Procurement – the entire process by which all goods and services are obtained by DWM, and includes all planning, design, standards determination, specification writing, selection of suppliers, financing, contract administration, disposals and other related functions.

Probity – is a risk management approach to ensuring procedural integrity.

Probity Advisor – a Probity Advisor is a person who provides advice on Probity issues before, during and after the Tender process and contracting to ensure the process is, or has been, fair and in accordance with legislative and other requirements. Probity Advisors would only be engaged at the CEO's discretion.

Public Tender Process – a process where any party that can meet the requirements of the Tender has the opportunity to submit a Tender Response.

Request for Tender – a document inviting offers from interested parties capable of providing specified goods or services valued over the legislated prescribed amount in the Regulations or when determined appropriate by the CEO.

Tender Planning and Evaluation Committee – a committee established to oversee and manage the process of scoping, evaluating, selecting and managing tenders and related contracts.

Tender – an offer that is submitted in response to a Request for Tender by DWM for the provision of goods or services.

TENDERING PRINCIPLES

This Code has been developed as a set of guidelines that DWM will follow in order to comply with the tendering requirements under the Act. The following provides a brief definition of each principle and what it means in practice to DWM.

1. Open and effective competition

Ensuring that the tender process is impartial, open and encourages competitive offers. In practice this means that DWM will:

- a) use transparent tender processes which potential contractors, suppliers and the public can have confidence in;
- b) test the market by pre-determined and clear unbiased specifications and processes;
- c) establish and maintain procedures to ensure that fair and equitable consideration is given to all tender responses received;
- d) establish and maintain procedures to ensure prompt and courteous responses to all reasonable requests for advice and information from potential or existing tenderers;
- e) establish and maintain procedures to ensure that all potential tenderers are provided with the same information relating to each tender, and are given an equal opportunity to meet the tender requirements;
- f) treat all suppliers of goods and services consistently and equitably;
- g) DWM will endeavour not to amend the terms of a tender during the period that the tender is open, however, if it is necessary for DWM to make an alteration to the terms of a tender, the alteration will be made by addendum and forwarded to prospective tenderers. In order to do this, DWM will record details of all parties provided with tender documentation;
- h) apply reasonable and uniform tender evaluation criteria for the assessment and consideration of tenders. Unless otherwise specified in the tender documentation, the following tender evaluation criteria will be used as the basis of tender evaluation criteria in the assessment of tender responses:
 - i. Cost of goods or services;
 - ii. Experience, capability and resources of the tenderer to best meet the tender requirements;
 - iii. Quality systems in place and compliance with statutory requirements if relevant;
 - iv. Provision of services to best meet the tender requirements;
 - v. Workplace health and safety requirements (including requirements of relevant Acts, Regulations, Standards, Codes of Practice and DWM policies and procedures; and
 - vi. Evidence of required insurance policies, and financial security, where required.
- i) wherever applicable in tenders, include in the evaluation criteria that DWM will consider the acceptance of alternative tenders provided that they achieve the outcomes specified in the tender invitation.

2. Value for money

Achieving the required outcome at the best possible price. In practice this means that DWM will consider:

- a) the value of the acquisition and potential benefits against the costs of that purchase;
- b) an assessment of risks associated with the purchase including the preferred procurement method;
- c) how well goods or services meet needs;
- d) maintenance and running costs over the lifetime of a product;
- e) disposal value;
- f) time constraints;
- g) the impact of the procurement decision on the local economy, such as through industry development and employment creation; and
- h) The impact of the procurement decision on the environment, such as through minimising waste and reducing demand for goods and services which have a direct impact on the environment (such as printing, utilities and travel).

3. Enhancement of the capabilities of local business and industry

Ensuring that local businesses that wish to do business with DWM are given the opportunity to do so. In practice this means that DWM will:

- a) wherever possible, develop the tender evaluation criteria to ensure local businesses have the same opportunities as all other respondents to tender for goods or services;
- b) at a minimum, always advertise each tender locally in a newspaper circulating in the area and when considered appropriate, advertisement nationally will occur;
- c) make tender documentation available on request at DWM offices or via mail or email; and
- d) ensure that sufficient time has been provided to allow prospective tenderers to prepare an adequate response when inviting tenders. At a minimum, tenders will be open for a period not less than 14 days.

4. Ethical behaviour and fair dealing

Ensuring all purchasing is undertaken in a fair and unbiased way and in the best interests of DWM. In practice this means that DWM will:

- e) be fully accountable for the tendering practices that it uses and the decisions it makes;
- f) ensure that decisions are not influenced by self-interest or personal gain;
- g) establish and maintain procedures to deal honestly with, and be equitable in the treatment of, all potential or existing suppliers;
- h) identify and deal with any conflicts of interest identified; and
- i) ensure that all tendering is undertaken in accordance with this Code and DWM policies.

5. Open tender

DWM will utilise the procedures in the Regulations and this Code for conducting its tenders process. Tender responses will be opened in private by two DWM officers and the name of the prospective tenderer and the tender price, where appropriate, will be recorded in DWM's electronic records management system.

Tender responses will be either opened manually at the designated closing time or through a suitable, secure electronic tendering system.

6. Standing tenders

From time-to-time DWM may utilise a standing tender in which one or more tenderers are contracted through an open tender process to provide specified goods or services over a period of time without the need for a further tender process.

The way in which a standing tender is established is the same as for an open tender process where the specification and description of the tender describe the intent of the standing contract and the conditions of its use.

Evaluation of standing tenders will be undertaken in the same manner as ordinary tenders.

7. Multiple-use register

From time-to-time DWM may utilise a Multiple-Use Register process to establish a register of suppliers who meet criteria established by DWM in respect of the supply of particular categories of goods or services.

If it is determined that such a register is to be established, DWM will invite applications from suppliers for inclusion on a Multiple-Use register by causing to be published at least once in a daily newspaper circulating in the municipal area a notice specifying:

- a) the nature of the goods or services the DWM requires;
- b) any identification details allocated to the register;
- c) where the application is to be lodged;
- d) the person from whom more detailed information may be obtained; and
- e) the period within which the application is to be lodged.

All prospective suppliers who have sought to be included on the register will be advised of the results of their submission.

Based on established evaluation criteria, DWM may accept or reject a submission for inclusion on the Multiple-Use Register. If a submission is rejected, DWM will advise the reasons for that rejection as soon as practicable.

DWM will allow any supplier to apply for inclusion on an established Multiple-Use Register at any time, unless the supplier has made an application within the previous twelve months that has not been accepted. Applicants will be assessed on the original evaluation criteria for that register.

DWM may invite tenders for a contract for the supply of goods or services from all suppliers included on a multiple-use register for a particular category of goods or services.

DWM will review each Multiple-Use Register and readvertise its invitation for service providers and suppliers to be included on DWM's Multi Use Registers at least once every two years.

8. Multiple-stage tenders

A multiple-stage tender process may be used from time to time in cases where it is considered appropriate to:

- a) gain market knowledge and clarify the capability of potential contractors;
- b) obtain industry input into specific proposals which are proposed from time to time; and
- c) pre-qualify respondents for the following stage of this type of tender process.

Multiple-stage tenders will follow the processes set out in the Regulations that DWM is required to follow. The main stages in the process are:

8.1 Expression of interest

An expression of interest (sometimes called a registration of interest) will be used to shortlist potential suppliers before the formal tender stage is commenced. Suppliers will be short-listed based on the evaluation criteria set out in the expression of interest. This will be based on the principles of open and effective competition and value for money as set out in sections 3.1 and 3.2 of this Code.

Evaluation will also include such matters as the experience, capability, resources, technical, managerial and financial capacity of respondents, and the methodology that will be implemented to best achieve the contract requirements. Pre-qualification based on the Department of Treasury and Finance's requirements may be required for building and construction projects valued over \$1M.

Other specific evaluation criteria may be included in the tender documentation when applicable.

By proceeding through this initial Expression of Interest stage, opportunities for the reduction in the overall costs of the tendering process may be achieved because this first stage will limit the "Request for Tender" to those respondents who have been assessed as best meeting the evaluation criteria.

8.2 Request for tender

At the completion of stage one, (expression of interest phase), short-listed respondents will be formally invited to tender.

9. Strategic alliances

Rather than traditional tendering processes, DWM may choose to procure goods and or services through contract arrangements already established and administered by other organisations, including:

- a) Local Government Association of Tasmania (LGAT) through the National Procurement Network;
- b) State Government Contracts; and
- c) any other purchasing group of which DWM is a member.

EXEMPTIONS

The Regulations detail the tender requirements for goods and services valued in excess of the legislated prescribed amount in the Regulations. DWM may not issue a tender or use a quotation process where the goods and services sought relate to:

- a) an emergency if there is insufficient time to invite tenders for the goods or services required to adequately respond to the emergency;
- b) a contract for goods or services supplied or provided by, or obtained through, an agency of a State or the Commonwealth;
- c) a contract for goods or services supplied or provided by a single authority, a joint authority or the Local Government Association of Tasmania, or any other local government association in this State or in another State or Territory;

- d) a contract for goods or services obtained as a result of a tender process conducted by a single authority, a joint authority, the Local Government Association of Tasmania, or any other local government association in this State or in another State or Territory;
- e) a contract for goods or services in respect of which DWM is exempted under another Act from the requirement to invite a tender;
- f) a contract for goods or services that is entered into at public auction;
- g) a contract for insurance entered into through a broker;
- h) a contract arising when a DWM is directed to acquire goods or services due to a claim made under a contract of insurance;
- i) a contract for goods or services if the CEO of DWM determines and states the reasons for the decision, that a satisfactory result would not be achieved by inviting tenders because of:
 - i. extenuating circumstances; or
 - ii. remoteness of the locality; or
 - iii. the unavailability of competitive or reliable tenderers; or
- j) a contract of employment with a person as an employee of the DWM.

When DWM relies on an exemption based on i) above, the CEO is to ensure documentation regarding the assessment of the reasonableness of amounts payable under the contract is maintained and considered as part of the decision-making process.

TENDER PLANNING AND EVALUATION COMMITTEE

A Tender Planning and Evaluation Committee will be formed to oversee and manage processes for the scoping, evaluation, selection and management of tenders and related contracts, prior to tender documents being finalised. A Committee will be formed for every tender with the composition of the Committee to be approved by the CEO.

Tender Planning and Evaluation Committees will include persons with relevant background and experience required for the particular project, and may include external consultants to provide expert input. Tender Planning and Evaluation Committees consist of three members with at least one of those appointed having accounting/financial experience and qualifications, where appropriate for the type of services being purchased.

All Tender Planning and Evaluation Committee meetings will have an agenda item regarding declarations/conflicts of interest.

Outcomes of all Tender Planning and Evaluation Committee meetings will be formally minuted and these minutes are to form the basis of the Tender Report to the Board for projects over the legislated prescribed amount in the Regulations or to the CEO for projects under the legislated prescribed amount.

If a conflict of interest is identified and/or perceived, full disclosure is to be made to the CEO who will then determine whether the conflict of interest would likely influence the tender outcome. The CEO may remove a person from the Committee if deemed necessary.

The Tender Planning and Evaluation Committee will review and consider the following aspects of a tender:

- a) the tender and evaluation process adopted;
- b) critical dates (e.g., when the contract is to start, when the current contract is due to expire, critical project milestones, expenditure constraints etc.);
- c) a certification by the officer responsible for managing the tender process, verifying conformity with relevant DWM policies and guidelines; and
- d) any other relevant issues or information, such as a Probity Advisor's report.

When references checks are undertaken, a set of questions will be developed by the Tender Planning and Evaluation Committee and utilised when conducting the checks. The results will be compiled by the Tender Planning and Evaluation Committee as part of the overall Tender Report.

The Australian Standard Code of Tendering AS 4120-1994 and this Code underpins the way in which DWM will manage its tender processes.

CONDITIONS OF TENDERING

The Conditions of Tendering form the basis on which prospective Tenderers are to submit their Tender Responses.

The Conditions of Tendering will include the following:

- a) details of the goods or services required;
- b) details of the duration of the contract, including any extensions that are specified in the contract;
- c) the criteria for evaluating tenders;
- d) the method of evaluating tenders against the evaluation criteria;
- e) any mandatory tender specifications and contract conditions; and
- f) a reference to DWM's Code for Tenders and Contracts.

The Conditions of Tendering may be changed or modified from time to time to give effect to this Code's requirements, the requirements of the Act and the Regulations, and to reflect any necessary operational changes and requirements that are necessary.

Any changes to the Conditions of Tendering are to be consistent and in accordance with this Code, the Act and the Regulations.

USE OF PROBITY ADVISORS

DWM will engage the service of Probity Advisors where the nature of the tender warrants particular sensitivity to due process. For example, where DWM is seeking tenders for large and complex developments that may involve joint venture proposals, or where the contractual engagement is for extended periods.

ACCEPTANCE OF TENDERS

Late tender responses will not be accepted.

A tender response that does not comply with the any Conditions of Tendering may be rejected and excluded from DWM's tender evaluation process where the submitted material is unable to be evaluated in a timely manner.

All tenders will specify if there are mandatory or other evaluation criteria.

Any tender response provided that does not fully comply with the mandatory evaluation criteria set out in the tender will be regarded as non-conforming and will not be considered or evaluated further.

All tender responses conforming with the mandatory requirements will be further assessed as to compliance with other evaluation criteria. Where they do not meet these other criteria, such tenders may be excluded from further evaluation. NOTE: documentation developed at the time of seeking tenders will define if tenders that do not meet the other (non-mandatory) evaluation criteria are permitted/acceptable.

Tender responses that do not comply with other evaluation criteria in the following circumstances will be excluded:

- a) if the variation is of a nature that cannot be met by a simple request for information or clarification or where this further information is sought and not provided within a reasonable timeframe specified by DWM; or
- b) does not respond directly to the purpose or suggests alternative solutions to that sought in the tender and has not been allowed for in the evaluation criteria meaning that other prospective tenderers have not been given the opportunity to submit comparable proposals.

The tender assessment report will provide for the:

- a) results of each tender submission against the evaluation criteria established; and
- b) advice and recommendations concerning the acceptance or rejection of tender responses based on the evaluation undertaken.

Any decision by DWM to award a tender to a tenderer other than the recommended tenderer will need to be supported by written reasons and endorsed by the CEO.

DEBRIEFING UNSUCCESSFUL TENDERERS

DWM will provide a debriefing interview to any unsuccessful tenderer who requests one. The purpose of the debriefing session is to help unsuccessful tenderers submit more competitive bids in future by identifying ways in which each tenderer's offer could be improved.

At the interview, discussions will centre on how the unsuccessful tender performed with respect to the evaluation criteria.

During this interview, the following will NOT happen:

- a) comparisons between the unsuccessful tenderer's offer and the successful, or any other, offer; or
- b) the debriefing interview being used to justify the selection of the successful tenderer.

The debriefing will be provided by members of the Tender Planning and Evaluation Committee as determined appropriate by the CEO.

DWM will document the proceedings of each debriefing interview in writing, including:

- a) attendees;
- b) the information provided to the unsuccessful tenderer;
- c) any issues arising;

- d) the details of any information that was requested, but not disclosed due to commercial in confidence or other considerations; and
- e) any other issues.

Where a multiple-stage tender process is used in which expressions of interest are used to shortlist, respondents not short-listed may be offered a debriefing interview, in a similar way to unsuccessful tenderers.

COMPLAINTS PROCESS

DWM has broad powers under the Act to carry out its functions and powers and to procure works or services, both for its own purposes and on behalf of Councils.

The Act also includes accountability measures under which DWM can be held responsible for its actions and decisions taken when carrying out these functions and exercising these powers.

Any formal complaint should be submitted to the CEO who will determine the process for resolution in conjunction with the Chair of the DWM Board.

In the first instance, complainants are encouraged to seek resolution of their complaint by contacting the DWM representative who managed the tender to which the complaint relates.

If a complainant is not able to satisfactorily resolve the issues of concern with the DWM representative for the tender process, the complainant may write to the CEO outlining the nature of the complaint, providing copies of all correspondence, documents and other relevant material. The complainant also has available external avenues for lodging complaints if they believe their concerns have not been satisfactorily addressed and these will be provided to the complainant in writing together with the outcome of the CEO's investigation of the issues raised.

REPORTING PROCEDURES

DWM will report in its Annual Report details of any contract entered into during the year for the supply or provision of goods and or services valued at or above the legislated prescribed amount in the Regulations.

1. Contract Extension:

DWM will report in its Annual Report, the details of any extension of a contract where DWM agreed to extend a contract by an absolute majority and the pre-existing contract did not specify extensions.

Details that will be reported at a minimum are:

- a) A description of the contract;
- b) The period of the contract;
- c) The periods of any options for extending the contract;
- d) The value of any tender awarded, or if a tender was not required, the value of the contract excluding GST;
- e) The business name of the successful contractor; and
- f) The business address of the successful contractor.

DWM will report in its Annual Report, the details of all instances where non application of the public tender process has been applied.

Note: this is not mandatory for DWM but represents good governance practice and transparency to Owners. The Annual Report is not a public document.

REVIEW OF TENDER PROCESS

The CEO, or a Manager authorised to do so by the CEO, will ensure the effective operation of the Code by ensuring each Tender process will be subject to control verifications during the pre-advertisement and pre-decision making periods, and before any contract is signed.

BREACH OF CODE

- a) DWM must take all reasonable steps to comply with this Code and ensure that all other parties comply with it. However, DWM shall not be liable in any way to a Tenderer or any other person for any breach of this Code.
- b) If an employee of DWM, DWM may take disciplinary action if, in its absolute discretion, it considers it desirable to do so.
- c) If a tenderer during the tender process canvasses an employee or Director or interferes in the process in any way this will result in the automatic disqualification of the tenderer from consideration.
- d) If a Tenderer commits a breach of this Code, then DWM may, in its absolute discretion, take action against the Tenderer including but not limited to:
 - i. a warning;
 - ii. reduction in opportunities to tender for work for the DWM;
 - iii. refusal by the DWM to consider any tender submitted by the Tenderer to the DWM;
 - iv. publicising the breach and the identity of the Tenderer; and
 - v. reporting the breach to a statutory, professional or other body.

REVIEW OF CODE

DWM will formally review this Code at least every four years.

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