

# Adelaide Hills Region Waste Management Authority PROCUREMENT POLICY

Effective date	8 November 2018
Last Reviewed date	18 February 2016
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Review Frequency	Every four years or as required
Applicable Legislation	Local Government Act 1999 (SA) State Records Act 1997 (SA) Adelaide Hills Region Waste Management Authority Charter (26 April 2007) Competition Policy Reform (SA) Act 1996
Supporting Procedures	Purchase Order Procedure Corporate Credit Card Procedure

## 1. INTRODUCTION

This policy covers all activities associated with the purchasing of all goods, services and works by the Adelaide Hills Region Waste Management Authority.

This Policy seeks to:

- 1.1.1 define the methods by which The Authority can acquire goods and services;
- 1.1.2 demonstrate accountability and responsibility of the Authority to its Constituent Council ratepayers;
- 1.1.3 be fair and equitable to all parties involved;
- 1.1.4 enable all processes to be monitored and recorded; and
- 1.1.5 ensure that the best possible outcome is achieved for The Authority.

However, this Policy does not cover:

- 1.1.6 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations, employment contracts, legal expenses, legislative payments (eg. Solid Waste Disposal Levy or EPA Licence fees; or
- 1.1.7 the disposal of land and other assets owned by the Authority; or
- 1.1.8 the purchase of land by the Authority.

## 2. POLICY OBJECTIVE

The Authority aims to achieve advantageous procurement outcomes by:

- enhancing value for money through fair, competitive, non-discriminatory procurement;
- promoting the use of resources in an efficient, effective and ethical manner;
- making decisions with probity, accountability and transparency;
- advancing and/or working within The Authority's economic, social and environmental policies;
- providing reasonable opportunity for competitive local businesses to supply to The Authority;
- appropriately managing risk; and
- ensuring compliance with all relevant legislation.

### **3. PROCUREMENT PRINCIPLES**

The Authority must have regard to the following principles in its acquisition of goods and services:

#### *3.1 Encouragement of open and effective competition*

#### *3.2 Obtaining Value for Money*

3.2.1 This is not restricted to price alone.

3.2.2 An assessment of value for money must include, where possible, consideration of:

3.2.2.1 the contribution to The Authority's long-term plan and strategic direction;

3.2.2.2 any relevant direct and indirect benefits to The Authority, both tangible and intangible;

3.2.2.3 efficiency and effectiveness of the proposed procurement activity;

3.2.2.4 the performance history, and quality, scope of services and support of each prospective supplier;

3.2.2.5 fitness for purpose of the proposed goods or service;

3.2.2.6 whole of life costs;

3.2.2.7 the Authority's internal administration costs;

3.2.2.8 technical compliance issues;

3.2.2.9 risk exposure; and

3.2.2.10 the value of any associated environmental benefits.

#### *3.3 Probity, Ethical Behaviour and Fair Dealing*

The Authority is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

#### *3.4 Accountability, Transparency and Reporting*

#### *3.5 Ensuring compliance with all relevant legislation*

#### *3.6 Encouragement of the development of competitive local business and industry*

Where the evaluation criteria are comparable, The Authority may consider the following:

3.6.1 the creation of local employment opportunities;

3.6.2 increased availability of local servicing support;

3.6.3 increased convenience with communications with the supplier for contract management;

3.6.4 economic growth within the local area;

3.6.5 benefit to The Authority of associated local commercial transaction; and/or

3.6.6 the short and long term impact of the procurement on local business.

#### *3.7 Environmental protection*

The Authority will seek to:

3.7.1 adopt purchasing practices which conserve natural resources;

3.7.2 align the Authority's procurement activities with principles of ecological sustainability;

3.7.3 purchase recycled and environmentally preferred products where possible;

3.7.4 integrate relevant principles of waste minimisation and energy;

3.7.5 foster the development of products and services which have a low environmental impact;

3.7.6 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

### 3.8 Work, Health & Safety

- 3.8.1 The Authority will only consider contractors who have appropriate systems to manage Work Health and Safety or who can demonstrate a capability to establish adequate systems relevant to a contract prior to the commencement of a contract.

## 4. PROCUREMENT METHODS

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the Authority – in such instances, other market approaches may be more appropriate.

The Authority may, having regard to its Procurement Principles and any other factors considered relevant by the Authority, in its absolute discretion determine to utilise one or more of the following procurement methods:

### 4.1 Direct Purchasing

- 4.1.1 This is where The Authority purchases from a single source, without first obtaining competing bids.
- 4.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Authority.

### 4.2 Quotations (Informal)

- 4.2.1 This is where the Authority obtains quotations from prospective suppliers.
- 4.2.2 Generally, a minimum of three quotations are sought.
- 4.2.3 Where possible, the Authority must insist on written quotes.
- 4.2.4 If a written quote cannot be obtained, the Authority **must** keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote.
- 4.2.5 This method may be suitable for low value, low risk goods and services.

### 4.3 Purchase Orders

- 4.3.1 This is where the Authority is purchasing routine, low value and low risk goods and services.
- 4.3.2 Generally, Purchase Orders have limited terms and conditions and should not be used for non-routine, high value and high risk goods and services.

### 4.4 Request for Quotations (RFQ)

- 4.4.1 This is where The Authority obtains written quotations from prospective suppliers.
- 4.4.2 Generally, a minimum of three written quotations are sought.
- 4.4.3 This method may be suitable for simple, largely price-based purchases.
- 4.4.4 A “Short Form Request for Quotation” can be used for purchases with minimal specifications.
- 4.4.5 A “Long Form Request for Quotation” can be used for purchases with detailed specifications.

### 4.5 Requests for Expressions of Interest (REOI)

- 4.5.1 This is where The Authority issues an open invitation for a proposed goods and/or service.
- 4.5.2 This method may be used where there is potentially a large market for the proposed goods and/or service, and The Authority would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.

### 4.6 Request for Tenders (RFT)

- 4.6.1 This is where the Authority issues a tender for a proposed goods and/or service.
- 4.6.2 The Authority may issue a “Select” Request for Tender where it has already issued a REOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers.

4.6.3 Otherwise, the Authority may issue an “Open” Request for Tender.

#### 4.7 Panel contracts

4.7.1 This is where the Authority establishes panel arrangements with a select group of suppliers – generally, this occurs once the Authority has completed its appointment of such suppliers in accordance with this Policy, and can include either:

4.7.1.1 a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or  
the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

4.7.1.2 Once a panel has been established, the Authority may purchase the particular goods and/or service through such panel arrangements.

#### 4.8 Strategic alliances

4.8.1 This is where the Authority undertakes procurement through contract arrangements already established and administered by other organisations, including:

- 4.8.1.1 LGA Procurement;
- 4.8.1.2 The Authority’s Constituent Councils;
- 4.8.1.3 G6 Procurement Group;
- 4.8.1.4 Procurement Australia;
- 4.8.1.5 State Government contracts.

## 5. CONSIDERATIONS FOR THE AUTHORITY

The appropriate method of procurement will be determined by reference to a number of factors, including:

### 5.1 Value of the Purchase

Value of Purchase (\$)	Possible Method of Procurement
Greater than \$2,000 up to \$10,000	At least 3 verbal quotations or one written quotation
\$10,000 to \$100,000	Request for Quotation (RFQ) – 3 quotes
Above \$100,000	Request for Expression of Interest (REOI)
Above \$100,000 up to \$250,000	Request for Tender (RFT) Select
Above \$250,000	Request for Tender RFT Open

The value of the purchase will be calculated as follows:

- *single one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
- *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

5.2 *cost of an open market approach versus the value of the acquisition and the potential benefits;*

5.3 *the particular circumstances of the procurement activity;*

5.4 *the objectives of the procurement;*

5.5 *the size of the market and the number of competent suppliers;*

5.6 *the Authority’s leverage in the marketplace;*

5.7 *time constraints;*

5.8 *a global assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.*

## **6. RECORDS**

The Authority must record written reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than tendering.

## **7. DELEGATIONS**

### **7.1 Managers**

Appropriate levels of authority to incur and approve expenditure will be delegated to Managers taking into account their budget responsibilities and will be approved by the Executive Officer and the Audit Committee.

### **7.2 Executive Officer**

The Executive Officer has delegated authority to incur and approve expenditure up to the value of \$50,000;

### **7.3 Adelaide Hills Waste Management Authority**

The Authority has delegated authority, provided it is within budget to;

Accept tenders to acquire, deal with and dispose of real and personal property up to the value of \$250,000 (beyond this value requires approval of all Constituent Councils) and

Accept tenders to enter into any kind of contract or arrangement to undertake projects and to undertake all manner of things relating to and incidental to the collection, treatment, recycling and disposal of waste up to the value of \$500,000 (beyond this value requires approval of all Constituent Councils).

## **7. EXEMPTIONS FROM THIS POLICY**

This Policy contains general guidelines to be followed by the Authority in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver the best outcome for the Authority, and other market approaches may be more appropriate.

In certain circumstances, the Authority may, after approval from its Board or Executive Officer, waive application of this Policy and pursue a method which will bring the best outcome for the Authority. The Authority must record its reasons in writing for waiving application of this Policy.

## **8. FURTHER INFORMATION**

For further information on this policy, please contact:

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