

Torres Strait Island
REGIONAL COUNCIL

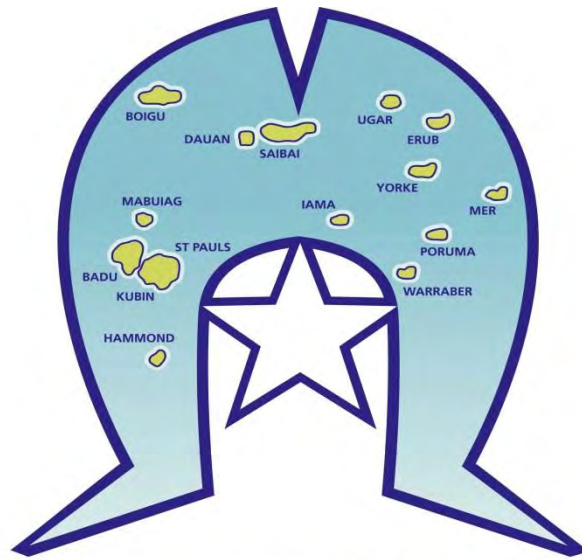
AGENDA

ECONOMIC GROWTH COMMITTEE

Date: 27th January 2022
Time: 10:00am to 12:00pm
Venue: VMR #6 – 0292 970 558

Agenda

1. Welcome (Chair)
2. Opening Prayer
3. Apologies
4. Conflict of Interest (COI)/ Material Personal Interest (MPI) Declaration
5. Noting of previous Ratified Minutes – 22 December 2022
6. Action Items List
7. Enterprise Development Strategy - Verbal
8. Indigenous Procurement Policy – **Late** report
9. Ugar and Dauan Sea and Air Access Business Plan – Verbal
10. Enterprise Risk Management - Verbal
11. Outboard Motor Mechanical Service – Verbal
12. General/ Other Business (on notice)
13. Next meeting date
14. Closing Prayer



Torres Strait Island
REGIONAL COUNCIL

Minutes

ECONOMIC GROWTH COMMITTEE

Date: Wednesday, 22nd December 2021

Time: 9:00am to 12:00pm

Venue: VMR #6 – 0292 970 558

PRESENT:

Cr Rocky Stephen – Chair - Ugar (Stephen)
Cr Jimmy Gela – Committee Member - Erub (Darnley)
Cr Conwell Tabuai – Committee Member - Saibai
Ms Hollie Faithfull, Executive Director Financial Services
Mr Peter Krebs, Manager Legal Services
Ms May Mosby, Secretariat Officer

APOLOGIES:

1. Welcome (Chair)

Cr Rocky Stephen, Chair of the Committee welcomed and thanked everyone for making themselves available and acknowledged and paid respects to:

- Papa God
- Traditional Owners on the land we meet and chair this meeting in Cairns
- Traditional Owners at Erub and Saibai and across Zenadth Kes
- All Elders past, present and emerging

2. Opening Prayer

Cr Rocky Stephen opened the meeting in prayer at 9:05am

3. Apologies

- Cr Conwell Tabuai – running late

4. Conflict of Interest Declaration

No Declaration made.

Cr Rocky Stephen encouraged committee members to declare at any time during the meeting.

Mr Peter Krebs, Manager Legal Services advised that the term Material Personal Interest (MPI) Declaration is no longer used and that the correct term now used for Conflict of Interests are Prescribed and Declarable.

5. Noting of Ratified Minutes – Economic Growth Committee

- 26th August 2021 – VC – Ratified at October 2021 Ordinary Meeting

RESOLUTION:

Moved: Cr Jimmy Gela Second: Cr Rocky Stephen

That the Committee notes the Minutes of the meeting held on 26th August 2021 as true and accurate account of that meeting.

MOTION CARRIED

6. Actions Items

Ms Hollie Faithfull, Executive Director Financial Services provided Committee with an update on the three Action Items:

- Enterprise Development Strategy
- Indigenous Procurement Policy
- General Business – Professional Development Funds for Councillors to attend Mackay on 13th – 15th November 2021

9:22am – Cr Conwell Tabuai joined the meeting.

7. COMMITTEE MOVES INTO CLOSED BUSINESS

RESOLUTION:

Moved: Cr Conwell Tabuai Second: Cr Jimmy Gela

That in accordance with section 254J of the Local Government Regulation 2012 (Qld) it is resolved for the meeting to go into closed session to discuss matters of the following nature:

(e) legal advice obtained by the local government or legal proceedings involving the local government including, for example, legal proceedings that may be taken by or against the local government.

MOTION CARRIED

8. Elphinstone Close – CB – Verbal

9. Indigenous Procurement Policy – CB

10. COMMITTEE MOVES OUT OF CLOSED BUSINESS AND RESUMES IN OPEN BUSINESS

RESOLUTION:

Moved: Cr Jimmy Gela Second: Cr Rocky Stephen

That the Committee move out of Closed Business.

MOTION CARRIED

Elphinstone Close

ACTION: Economic Growth Committee be provided a copy of the draft business case once completed for review and feedback.

Indigenous Procurement Policy

ACTION: Executive Director, Financial Services to finalise the Indigenous Procurement Policy and bring back to committee for review and endorsement before going to SARG.

RESOLUTION:

Moved: Cr Jimmy Gela Second: Cr Rocky Stephen

That the committee notes the update provided in relation to the Indigenous Procurement Policy.

MOTION CARRIED

11. Enterprise Development Strategy

Ms Hollie Faithfull, Executive Director Financial Services provided an update on behalf of Ms Kylie Sturges, Manager Enterprise Development & Delivery regarding the progress of the Enterprise Development Strategy.

It is proposed by the Chair that the consultations will be overseen by Cr Conwell Tabuai and Cr Jimmy Gela and Cr Rocky Stephen. Cr Conwell Tabuai will oversee the western areas, Cr Jimmy Gela will oversee the eastern areas and Cr Rocky Stephen the central areas.

Cr Rocky Stephen advised that he will be free most of February.

ACTION: Interim Executive Director, Corporate Services to investigate the budget to see if Councillor travel is feasible and to finalise proposed dates for committee to consider.

ACTION: Manager Enterprise Development & Delivery to arrange community consultations once proposed dates are endorsed.

Cr Jimmy Gela advised that he will check dates of his availability and will get back to Secretariat and Ms Hollie Faithfull, Executive Director Financial Services of his availability.

RESOLUTION:

Moved: Cr Jimmy Gela Second: Cr Conwell Tabuai

That the Economic Growth and Development Committee note the information contained in this report.

MOTION CARRIED

12. Engagement Strategy

Ms Hollie Faithfull, Executive Director Financial Services provided a report and advised that on further review the Engagement Framework fell under the portfolio of Cultural, Arts, Land and Heritage Committee. This Framework will go to the Cultural, Arts, Land and Heritage Committee to provide feedback and then come back to this committee for review before going to SARG and Ordinary Meeting.

ACTION: Secretariat to add the Engagement Strategy to the Agenda of the next Cultural, Arts, Land and Heritage Committee.

RESOLUTION:

Moved: Cr Conwell Tabuai

Second: Cr Rocky Stephen

That the Economic Growth & Development Committee notes the recommendation to update the Council Engagement Framework.

MOTION CARRIED

13. Divestment Policy

Mr Peter Krebs, Manager Legal Services advised the Committee that Ms Julia Maurus, Senior Legal Counsel provided the report back in February 2021 and would ask Ms Julia Maurus, Senior Legal Counsel to dial in to provide an update.

10:46am - Ms Julia Maurus, Senior Legal Counsel dialled in and joined the meeting and provided the Committee with an update.

Cr Rocky Stephen suggested that committee calls for a special meeting to discuss the policy and look into each individual case how we would run with it and how we would maintain it.

Item to lay on the table to see how we can progress with it.

ACTION: That the Executive Director, Financial Services to arrange a special meeting to talk further about the Divestment Policy to then bring to the May Workshop.

Cr Rocky Stephen thanked Ms Julia Maurus, Senior Legal Counsel for the update.

11:08am – Ms Julia Maurus, Senior Legal Counsel left the meeting.

14. Ugar and Dauan Sea and Air Access Business Plan – Verbal

Ms Hollie Faithfull, Executive Director, Financial Services gave a verbal update.

Ms Kylie Sturges, Manager Enterprise Development & Delivery is presently on leave and will email the Committee on the status of the business plan in the new year.

ACTION: Manager Enterprise Development & Delivery to provide update via email to committee members on the status of the Ugar and Dauan Sea and Air Access Business plan.

15. Enterprise Risk Management

Ms Hollie Faithfull, Executive Director, Financial Services spoke to the report.

RESOLUTION:

Moved: Cr Tabuai Second: Cr Gela

That the Economic Growth Committee note the information contained in this brief and consider a full review of one identified risk per meeting in conjunction with the relevant management.

MOTION CARRIED

16. National Indigenous Economic Development Forum 2022 – Verbal

Ms Hollie Faithfull, Executive Director Financial Services advised the Committee on the above Forum. The Forum will be held in Cairns on the 29th - 31st March, 2022.

All three members will attend utilising their professional development funds. Ms Hollie Faithfull, Executive Director Financial Services will notify Travel Officer to make the bookings. Committee Members will fly down on 28th March, 2022 and return on 1st April 2022.

ACTION ITEM: Senior Executive Assistant to Chief Executive Officer to confirm committee members registrations to forum and to follow up with Travel Officer to get obtain quotes for travel.

17. General/ Other Business (on notice)

Nil

18. Next meeting date:

- **Thursday, 27th January 2022 at 10:00am – 12:00pm**

Ms Hollie Faithfull, Executive Director Financial Services advised the Committee that she returns back to work on 24th January 2022 and therefore the Indigenous Procurement Policy will be a late report, however all other reports would be made available.

19. Closing Remarks and Prayer

Cr Rocky Stephen thanked everyone for their attendance, participation and contribution throughout the year. He also acknowledged the Executive Leadership Team and Administration Team and wished everyone a Merry Christmas and a Prosperous New Year.

Cr Jimmy Gela and Cr Conwell Tabuai also expressed their gratitude and Christmas greetings to everyone.

Cr Rocky Stephen closed the meeting in prayer.

MEETING CLOSED – 11:40am



.....
Mr David Baldwin
Acting Chief Executive Officer
Torres Strait Island Regional Council
Date: 18th January 2022



.....
Cr Phillemon Mosby
Mayor
Torres Strait Island Regional Council
Date: 18th January 2022

Procurement and Ethical Sourcing Policy

Responsible Manager:	Strategic Sourcing Manager
Head of power:	Local Government Act 2009 Local Government Regulation 2012
Authorised by:	Council
Authorised on:	30 June 2021
Implemented from:	July 2021
Last reviewed:	November 2021
Review history:	2012, 2013, 2014, 2017, 2018, 2019, 2020, 2021, 2022
To be reviewed:	November 2023
Corporate Plan:	People, Sustainability and Prosperity

1. Purpose

This policy aims to provide Torres Strait Island Regional Council with a procurement framework which is open and transparent and provides value for money in compliance with Section 198 of the *Local Government Regulation 2012*.

Council is committed to **gaining value for money and** better target procurement activities to ensure local Indigenous businesses have equitable access to the procurement opportunities that exist within Council and deliver improved economic, environmental and social outcomes for the Torres Strait region.

Council's key principle is putting the Torres Strait region first when securing value for money – recognising that value for money is more than price paid.

All procurement will take into consideration a local benefits test, where a weighting of typically up to 30% may be applied.

The purpose of the test is to evaluate the benefits that any supplier would bring to the local area. Whilst the origin of the supplier is relevant; what is key is the benefit the supplier can bring to our region. This could mean that a non-local supplier could provide benefits by using a local workforce, providing training/apprenticeships or by using local business in the supply chain.

Other elements such as capability, quality and price remain critical – however, factors such as stimulating local employment, increasing socioeconomic development in our region (including employment and training) and supporting social objectives will be considered among the decision-making criteria.

This policy will ensure integrity, probity and accountability - ensuring procurement is undertaken with integrity, that probity is appropriately managed and that accountability for outcomes is maintained.

2. Application

This policy applies to all Council procurement activities.

3. Legislation

All Council procurement must be carried out in compliance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

4. Procurement

Procurement means to purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment and or services. The purchase of goods, works, or services shall not be broken down into unreasonable components or reduced order quantities to avoid the necessity to comply with the dollar limit requirements under this Policy.

5. Sustainable and Social Procurement

Torres Strait Islander and Social Procurement

Council is committed to the development of local Torres Strait Islander businesses and social procurement, a strategic approach to meeting social objectives through procurement and contracting, and facilitating employment opportunities to communities within Council's jurisdiction and the Torres Strait region.

Torres Strait Islander and social procurement delivers benefits to Council and community including:

- Developing and attracting Torres Strait Islander businesses and social enterprises;
- Encouraging all businesses to include Torres Strait Islander, social or community objectives into daily business practices;
- Promoting employment opportunities and inclusive and accessible work environments for young people or older persons who are unemployed and people with disabilities; and
- Building the skills, knowledge and ability of not-for-profit community groups to enable them to access funds and expand services.

Council intends to use a portion of its annual procurement spend to engage suppliers that provide a direct benefit to the communities within Council's jurisdiction and the Torres Strait region, including offering quoting opportunities directly to Torres Strait Islander businesses, social enterprises and social benefit suppliers. Such procurement spend must still be within allocated Council budget.

Sustainable Procurement

Council is committed to protecting the environment and doing business with ethical and socially responsible suppliers and procuring goods and services that achieve sustainability outcomes such as those that have a reduced negative impact on the environment and/or an improved social outcome. When procuring goods and services, Council will consider:

- Strategies to avoid unnecessary consumption and manage demand;
- Minimising environmental impacts over the whole-of-life of the goods and /or services;
 - Products that are durable and long lasting e.g. avoiding or reducing disposable products and single use plastics;
 - Products that consume less energy, fuel or water in their operation;
- Supplier's socially responsible practices; and
- Value for money over the whole-of-life of the goods and/or services, rather than just initial cost.

Torres Strait Islander, social and sustainable procurement must be conducted in line with consideration to the sound contracting principles and other legislative requirements.

6. Provisions

Objectives

Council's procurement activities aim to achieve beneficial outcomes by:

- Buying locally from Indigenous businesses as the first option;
- Buying local wherever possible;
- Providing opportunities for local Indigenous businesses to supply to Council;
- Promoting non-local businesses to foster and build local capacity or develop new local businesses to provide goods and services to create employment and reduce supply chain costs;
- Encouraging non-local business to buy locally wherever possible;
- Promoting value for money with probity and accountability;
- Advancing Council's economic, social and environmental policies;

- Promoting compliance with relevant legislation; and
- Promoting continuous improvement and best practice in procurement activities.

Responsibility

Council officers are required to:

- Adhere to the sound contracting principles as stipulated in the *Local Government Act 2009*;
- Apply a local benefits test, prioritising buying local, wherever possible; within allocated Council budget;
- Preserve Council's integrity in the procurement process to ensure that Council acts beyond reproach in all dealings; and
- Obtain best value whole of life costs.

During the entire procurement process, any officers who intend to have any input or influence should ensure they have read Council's Code of Conduct as well as the supporting documents to this Policy.

All officers involved in procurement and contracting activity must comply with the following interlinked principles and objectives of probity:

- Use of a competitive process;
- Fairness and impartiality;
- Transparency of process;
- Independence through effective management of conflicts of interest;
- Accountability of process; and
- Security and confidentiality of information and materials.

Officers participating in procurement and contracting activities must comply with the requirements of Council's Code of Conduct, and the supporting documents to this Procurement Policy and must:

- Notify the Strategic Sourcing Manager immediately they become aware of any conflict of interest (perceived, potential or actual);
- Not accept gifts from parties related to any procurement or contracting activity; and
- Action the pre and post offer declarations of conflict of interest and confidentiality as applicable.

Councillors and staff must ensure that they do not participate in any action, which may be deemed to be:

- Canvassing by any party with a material interest in the procurement; or
- Releasing commercial in confidence information; or
- Collusion - i.e. collaboration between parties involved in the procurement process.

Any approach or known evidence of canvassing, breach of confidentiality or collusion must be reported to the Chief Executive Officer.

For reference, examples of common procurement practices that constitute a breach of this policy are attached in Appendix 1.

7. Sound Contracting Principles

Council officers must have regard to the sound contracting principles set out in section 104(3) of the *Local Government Act 2009*:

- a) value for money;
- b) open and effective competition;
- c) the development of competitive local business and industry;
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

Value for money

The objective of the value for money principles is to ensure that all procurement and contracting activities represent the best return and performance for money spent from a whole-of-life cost perspective to assist Council to effectively and efficiently use public money.

Value for money should not be limited to price alone. In assessing value for money, officers must consider:

- **A local benefits test** - the contribution to the advancement of Council priorities and vision, including buying from local Torres Strait Island businesses and organisations as first preference, community and social benefits, and suitability considerations consistent with and supporting the strategic direction of the Corporate Plan and within allocated Council budget;
- Factors such as fit for purpose, innovation, maintenance and support, relevant experience and performance, availability and suitability of staff, plant and equipment, application of relevant and sound systems of operational management, risk, legal and reputation exposure and business continuity; and
- Cost related factors including whole-of-life costs, transactional costs and risk exposure associated with the acquisition, use, administration, holding, maintenance and disposal of the goods and/or services.

As the application of the value for money principle may not necessarily favour the lowest price, contracting decisions must substantiate how application of the principles ensures council is receiving the most advantageous outcome for our community.

Open and effective competition

Procurement processes must be open and transparent to suppliers and the public and result in effective competition in the provision of all goods and services. Council must give fair and equitable consideration to all prospective suppliers.

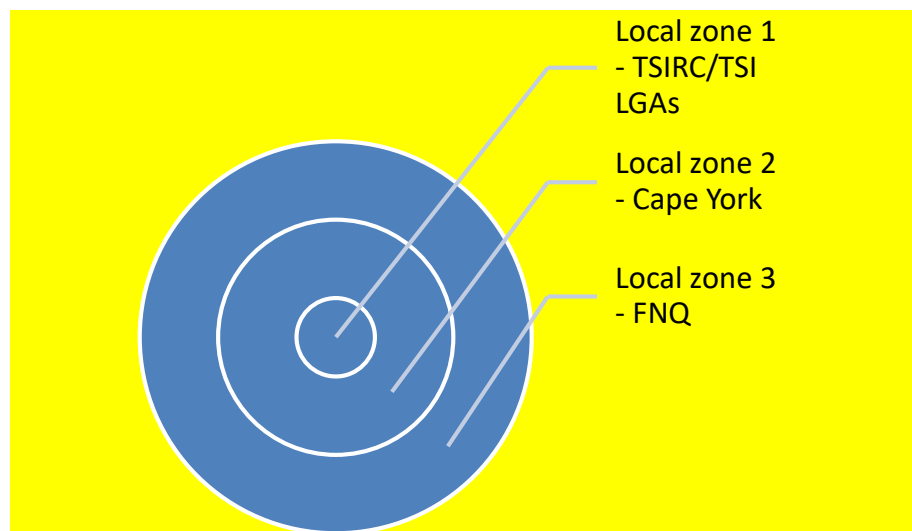
Development of competitive local business and industry

Council will proactively support local Torres Strait Islander owned businesses, organisations and industry to provide jobs within Council's jurisdiction and the greater Torres Strait region, in recognition of the economic and social benefits that this brings. When applying these principles Council will:

- Buy from local Torres Strait Islander businesses and organisations as first preference; subject to allocated Council budget;
- Reserve the right to invite only local Torres Strait Islander owned businesses, organisations and industry to quote for appropriate contracts;
- Include a statement in its invitation to quote/tender documentation that Council, through this policy, encourages the development of competitive local Torres Strait Islander businesses, organisations and industry; and
- Engage with all suppliers to foster opportunities to develop local indigenous economic opportunities, talents and skills via training, internships, work experience, apprenticeships and jobs. This should include opportunities both on a local and national basis.

A local supplier means a supplier that maintains a workforce whose usual place of residency is located within Council's jurisdiction and/or the Torres Strait region. If a capable local supplier does not exist within the Torres Strait region, the area should be extended to include Cape York and Cairns region and then extended progressively south to the rest of Queensland, then Australia and finally internationally until a suitable supplier is identified.

See examples in Figure 1:



Applying the local benefits test

All procurement is subject to the local benefits test. Officers need to identify the potential for local benefits for Indigenous and non-indigenous businesses using following Figure 2 to assess whether a weighting of up to 30% can be applied to the evaluation of a procurement activity.

When applying the local benefits test the following broad classifications apply:

- Always local;
- Has the potential to be local; **orange**
- **Unable to purchase locally Does not make sense to be local** (e.g., no Indigenous/local suppliers available **or within allocated Council budget**).

Figure 2 – Local benefits test classifications

Always Local	Potential to be Indigenous/local	Unable to purchase locally
<ul style="list-style-type: none"> • Goods and services, by nature are supplied locally. • Examples include: <ul style="list-style-type: none"> • Trades people/labourers • Social services • Ongoing/frequent (e.g. cleaning, catering, grounds/building/roads maintenance) • Local transportation • Local accommodation 	<ul style="list-style-type: none"> • Goods and services have potential to be supplied locally by skilled and experienced businesses - but non-local suppliers are value for money in local market. • Goods and services may be in-part or in fullness supplied by indigenous suppliers and/or workers that may not be based or normally reside in the Zone 1 area. • Examples include: <ul style="list-style-type: none"> • Construction • Construction materials (e.g. quarried rock) • Contractors • Trades (carpenters, electricians, painters, plumbers etc.) • Manufacturers • Machinery and equipment • Air travel/transport, non-TSIRC/TSI LGAs accommodation 	<ul style="list-style-type: none"> • Goods and services that are not available in a locally competitive market. • Examples include <ul style="list-style-type: none"> • Major ICT/technology* • Specialist capital works, consultants, machinery and equipment* • Specialist services (e.g. veterinary, financial, legal, flood modelling and tidal gauge monitoring)*

* Note: even though an Indigenous or local supplier may not be available **or** experienced officers can still apply up to a 30% weighting as the non-local suppliers may still deliver local benefits. See following examples:

- Major/ICT technology – ICT businesses may be willing to accept trainees and interns from our region, increasing skills base and local talent in ICT.
- Specialist capital works and services – consultants and heavy plant suppliers could provide local or intern training opportunities for community members, e.g., veterinarians could train on administering medications, heavy plant suppliers could provide training/licence qualifications on heavy plant and pre-start checks as a local benefit.
- Accommodation – large national hotel/international chains may be willing to accept trainees and interns from our region, increasing skills base and local talent in

hospitality/tourism/visitor management.

Consider what local benefits apply

Table 1

Local benefit	Description
Local jobs	The number of local jobs supported ¹ by the procurement activity. Considering: <ul style="list-style-type: none">• where people live and work• permanency of employment• certainty of hours• fair wages and conditions• superannuation and workers compensation• genuine respect for the right of works to collectively bargain.
Opportunities for local supply chains	Use of local businesses, contractors, manufacturers and supply chain for the supply or manufacture of goods and/or services.
Opportunities for interns, apprentices and trainees	Number of local and national apprenticeships ² and traineeships supported by the procurement activity.
Case-by-case benefits	Other benefits identified by Council. Examples include: <ul style="list-style-type: none">• the number of local Aboriginal jobs and Torres Strait Islander jobs supported by the procurement activity• use of local Indigenous businesses.

Notes

For the purposes of applying the local benefits test a local job means one directly involved in the delivery of the goods and/or services.

See also the Queensland Government Building and Construction Training Policy: https://desbt.qld.gov.au/data/assets/pdf_file/0023/8339/qg-building-construction-training-policy.pdf

For the purposes of the local benefits test (and as defined by the Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (QIPP)), an Indigenous business is one that is at least 50 per cent or more owned by an Aboriginal person and/or a Torres Strait Islander person. It may take the form of a company, incorporated association, or trust. For clarity, a social enterprise or registered charity may also be an Indigenous business if it is operating a business.

A local benefit should also be one that can be readily identified, evaluated, measured and reported on by the supplier.

How local benefits are evaluated during procurement and at the tender stage

Table 2

Evaluation Criteria	Weighting	Comments
Supplier experience and capability	10% - 30% (1)	The supplier will be evaluated on their overall experience and capability in delivering similar past projects.
Project management	10%	The supplier will be evaluated on their processes related to project management and service delivery.
Local benefits	20% - 30% (2)	The supplier will be evaluated on: <ul style="list-style-type: none"> the number of local jobs supported by the procurement activity use of local contractors, manufacturers and supply chain directly relating to the supply of goods and/or services the number of local apprentices and trainees supported by the procurement activity the number of local Aboriginal jobs and Torres Strait Islander jobs supported by the procurement activity.
Price	40% - 60% (3)	The supplier will be evaluated on their offered price.

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Notes:

- (1) Ranges in weightings may apply for scenarios where local benefits are likely to be limited due to the type of service being sought. Eg) supply of goods or services that are produced or provided almost solely from out of zone 1 or 2 are likely to attract a greater price weighting than if they were readily available from zone 1 and/or 2. Total weighting summed is to equal 100%.
- (2) In circumstances where locally provided goods and/or services are likely to be available and are of a specialist nature, the local benefits weighting may be increased as deemed appropriate.
- (3) Weightings may require review if once tenders/offers are received it becomes apparent that budget is a critical factor. In which case overall weightings and value for money must still be considered and assessed.

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Sub-criteria

When applying more than one local benefit (such as the **Table 2** above), sub-criteria can be used to reflect the relative importance of each local benefit in the context of the procurement.

Evaluation scoring weighting examples

Table 3 (following sets out example local benefits sub-criteria. Sub criteria must always sum to 100 per cent.

Weightings should be agreed by appropriate officers prior to procurement/tender on a case-by-case basis – e.g., a [civilseawalls](#) project using a local indigenous quarry for materials may have a higher weighting for supply chain benefits than jobs.

Table 3: Example local benefits sub-criteria

Local benefit	Sub-bBenefit weighting	Description
Jobs	40%	The number of local jobs supported by the procurement activity.
Supply chain	30%	Use of local contractors, manufacturers and supply chain directly relating to the supply or manufacture of goods and/or services.
Interns/Apprentices and trainees	20%	The number of local interns/apprenticeships and traineeships supported by the procurement activity.
Other benefits	10%	The number of local Aboriginal jobs and Torres Strait Islander jobs supported by the procurement activity.
Sub-criteria Total	100%	

Evaluation scoring definitions

Indigenous/Local benefit	Inadequate	Limited	Reasonable	Good	Excellent	Value\$	Max V
Jobs	04	12	23	34	45	Note (1)	1
Supply chain	04	12	23	34	46	Note (1)	1
Interns/Apprentices and trainees	04	12	23	34	45	Note (1)	3
Other benefits	04	12	23	34	45	Note (1)	3
Sum						Note (2)	30

Notes

(1) Value = local benefits weighting x sub benefit weighting x score/(max score)
Eg) Tenderer has excellent jobs outcome proposed, and if local benefits weighting (table 2) is set at 30%, then:

Value = $30 \times 60/100 \times 4/4 = 18$

If tenderer has relatively poor outcome proposed, then:

Value = $30 \times 60/100 \times 1/4 = 4.5$

(2) If total sum of values = 30, then where the local benefits (table 2) weighting is set at 30%, then local benefits score = $30 \times 30/30 = 30$

If total sum of values is (say) = 24, then local benefits score = $30 \times 24/30 = 24$

*\$ value should be calculated on a case-by-basis.

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Note: In some cases projects that are funded by state/fed and may have specific IEOP requirements that as a minimum need to be considered and adhered to, these will be in addition or concurrent to TSIRCs own local benefits procurement policy requirements. While state/fed IEOP requirements are to be met for eligible projects, it is still necessary to at a minimum meet the local benefits procurement requirements as set out in this policy, and which generally require greater outcomes to be achieved than those typically set-out in the state/fed IEOP targets.

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Information to be supplied in support of the local benefits test criteria

To assist in the identification and evaluation of supplier's local benefits, tender documentation should clearly identify what local benefits are being sought and specify how suppliers should respond to the criteria. Example questions include:

1. Detail the number of local jobs supported by the procurement activity and proximity from their usual place of residency to the procurement activity. If required, the workforce can be mapped against the local zones.

2. Detail use of local contractors, manufacturers and/or supply chain for the supply or manufacture of goods and/or services and their distance from the procurement activity (this can also be mapped against local zones). If required, the supplier can be asked to detail the proportion of expenditure on inputs to be delivered by local contractors, manufacturers and supply chains.

3. Qualitative evidence (i.e., narrative style) such as how and when they will use the local workforce, local suppliers, local manufacturers, local contractors and local apprentices/trainees.

Environmental protection

The objective of the principle of environmental protection is to maintain commitment to long-term ecological sustainability through procurement and contracting activities that conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety.

In undertaking procurement activities council will endeavour to:

- Promote the procurement of environmentally friendly goods and services that satisfy the value for money criteria;
- Foster the development of products and processes of low environmental and climatic impact;
- Provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services;
- Ensure suppliers clean up construction sites and remove all plant and equipment from islands; and
- Encourage environmentally responsible activities.

Ethical behaviour and fair dealing

Council officers must behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

It is the responsibility of Council officers to report any actual, potential or perceived conflict of interest to their branch manager prior to and during any business dealings.

8. Budgetary Provisions

Procurement must be in accordance with the adopted Annual Budget or a Council resolution and sufficient funds must be available to meet the full cost of the proposed procurement.

9. Procurement Thresholds and Guidelines

Value threshold (GST excl.)	RFQ Documentation
Under \$2,000	1 written quote
\$2,000 to \$14,999	2 written quotes
\$15,000 to under \$200,000	3 written quotes
≥ \$200,000	Public tender

When seeking quotations, officers should consider the likelihood of exceeding the value thresholds listed above in a financial year. If there is a risk that these limits will be exceeded, then the appropriate number of quotes or a public tender should be sought. All thresholds are cumulative thresholds. If the anticipated value of goods or services of a similar nature procured from the same supplier exceeds \$200,000 in a financial year, or over the proposed term of the contractual arrangement, then a public tender is required.

See Appendix 2 for policy guidance on assessing the value of a contract and examples of inappropriate procurement behaviours.

10. Exemptions to Procurement Guidelines

Legislation obligates Council to utilise a public tender process (or a closed tender process if an expression of interest has first been called to shortlist tenderers) before making a contract for the carrying out of work, or the supply of goods and services involving a value of \$200,000 or more, unless there is a legislative exemption.

Council officers must follow the procurement guidelines unless they utilise a legislative exemption. Exemptions are provided for under sections 229-235 of the *Local Government Regulation 2012*. These exemptions are:

- A quote or tender consideration plan
- A contractor on an approved contractor list
- A supplier on a register of pre-qualified suppliers
- A supplier on a preferred supplier arrangement
- A supplier on another LGA arrangement, e.g. LGAQ (LocalBuy).

Further exemptions exist if:

- Council resolves (Council resolution obtained) it is satisfied that there is only one supplier who is reasonably available (sole suppliers); or

- Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tender; or
- A genuine emergency exists; or
- The contract is for the purchase of goods and is made by public auction; or
- The contract is for the purchase of second-hand goods; or
- The contract is made with, or under an arrangement with, a government agency e.g. Queensland State Government arrangements.

Refer to sections 230-235 of the *Local Government Regulation 2012* for further details on the above exemptions.

Register of Pre-qualified Suppliers (ROPS)

Council may establish a ROPS for carrying out of works, goods, services or ICT, by inviting public tenders. Suppliers must submit a tender response and if successful following the evaluation process, suppliers are appointed to the ROPS for a term of up to three years. Once the ROPS is established, further quotes or cost estimates from selected suppliers are required to ensure value for money.

Preferred Supplier Arrangement (PSA)

Council can establish a PSA where better value for money can be obtained by aggregating the demand for goods and services. Council must invite public tenders and evaluate submissions from suppliers for suppliers to be successfully appointed to the PSA. Prices or a schedule of rates are usually fixed for the duration of the arrangement.

Sole Suppliers

Where the required goods or services are available only from one original source or available from only one stockist, agent or supplier with relative ease of accessibility to Council, the supply of those goods and or services can be applied for under a sole supplier arrangement via Council resolution.

Procurement provides a report on an annual basis listing all proposed sole supplier arrangements, for the financial year, for adoption by Council. A report is presented to Council bi-annually listing expenditure on sole suppliers.

Emergencies

In recognition that full compliance with existing Council procurement procedures may not support Council's needs during a critical or emergency incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council needs, while ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Any emergency procurement must be authorised by the Chief Executive Officer, once a critical or emergency incident has been declared. Such incidents are:

- A state of disaster declared under the *Disaster Management Act 2003*, or any other emergency declaration made by the State's Premier under an enactment;
- Any incident declared by the Chief Executive Officer where the safety or security of any

- person or property associated with the Council is threatened; and
- An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, purchase orders must be raised to record the expenditure in the same way as they would have been in normal circumstances.

As soon as practical upon cessation of the emergency, a report must be presented to Council to authorise the unapproved expenditure, where this expenditure exceeds delegation, and the methodology by which it was incurred. The Council Resolution must define the genuine emergency (such as natural disaster), as well as delegate authority.

11. Financial Delegation

The Chief Executive Officer has procurement authority of \$200,000. Any amount greater than this requires Council approval.

The Chief Executive Officer further has delegation to issue requests for quotes and tenders for any project up to any amount.

Other officers may only incur expenditure on behalf of Council if:

- The officer has been granted the financial delegation by the Chief Executive Officer and this delegation has been recorded in the Register of Financial Delegations, and
- The expenditure is provided for in Council's budget, and
- The officer has received training in Council's procurement systems and procedures, or
- There is a disaster/genuine emergency.

No officer, except the Chief Executive Officer may have procurement delegation exceeding \$200,000.

The Chief Executive Officer must approve all financial delegations by recording them in a register of financial delegations to enable procurement activities to occur.

Appendix 3 lists the delegations for all management positions.

12. Variations to Purchases

For the purposes of this policy, variation refers solely to a financial deviation from original contract value. The contract can be a Council purchase order or agreement signed by a delegated Council officer with an external service provider/organisation. Other variations such as non-financial scope changes, extension of time etc are to be managed by delegated Council officers.

Variation procedures are as follows:

- Each variation can only be approved by an officer up to their authorised contractual and financial delegation;
- All variations are to be approved in writing;
- Each variation requires an additional line item on the original purchase order stating the scope and cost.

Manager Responsible for Review: Strategic Sourcing Manager

Adoption: [] 202~~2~~¹
Due for Revision: [] 2023 Chief Executive Officer

Appendix 1 – Sample Procurement Policy Breaches

The following list represents examples of common procurement practices that constitute a breach of this policy. This list is not intended to be exhaustive and provides guidance only:

- Procuring items without a purchase order – Subsequently creating or directing the creation of a purchase order after the invoice has been received. This example does not apply to utilities invoices, bank charges, loan payments and employee expense claims, which are legitimately processed without purchase orders.
- Requisition/Order splitting – Where the total value of a procurement transaction is broken into smaller pieces (“split”) to bring the value under a certain level, to remain within an officer’s delegation limit, or fall into a less rigorous procurement category.
- Invoice Splitting by Suppliers – Where the total value of the work of a supplier is expected to be above the payment frequency threshold or the line manager’s delegation of authority. Yet officers are complicit and sign off invoices that are more favourable to the supplier/contractor than they ought to have been if Council procedures had been followed. This type of supplier preferential treatment is not in the public interest nor does it demonstrate appropriate management of public funds.
- Failure to utilise stock, consumables and standardised equipment acquired by Council. To achieve value for money and standardise equipment, Council aggregates common use items to the extent possible. Common use items may be acquired in bulk, such as stationery, for all employees to utilise on an as needed basis. Failure to use the items already procured by Council and acquire similar items to suit individual preferences represents unnecessary, inappropriate expenditure (irrespective of whether a budget exists for such items) and does not represent a legitimate business need.
- Inaccurate/inappropriate use of sole supplier provision – The use of the term “sole supplier” to justify procurement where an officer feels that there is only one qualified supplier in the market is inaccurate and inappropriate and fails to abide by the sound contracting principles within this policy. Sole supplier status can usually only be demonstrated by testing the market through request for quotations or tenders from various parties.
- Inaccurate/inappropriate use of “local buy” arrangements - Attributing the status of “local buy” to Council’s local business preference and failing to obtain quotations or tenders on the basis that Council is required to spread its procurement amongst the suppliers within Council. Failure to obtain the relevant numbers of quotes or seek tenders is in direct contravention of the Local Government Regulations 2012 and Council’s policy. The only legitimate mechanism Council to obtain services in a Local Buy arrangement is from the LGAQ Local Buy service.
- Inappropriate use of “emergency” procurement provisions - Failure to adequately plan or schedule projects and procurement needs resulting in the inability to undertake formal tendering and quotations due to time pressure does not constitute “emergency” procurement. Council must retrospectively approve all emergency procurement; irrespective of the reason it was required.

- Historical or informal contracting arrangements - Ad hoc, informal, or historical supplier arrangements that have developed over many years are a breach of this policy. All arrangements with suppliers must be contracted either through quotation or tender or satisfy the tests for exceptions detailed in the policy.
- Unauthorised or implicit contract extensions - Failure to track and renew contracts that have expired, whilst continuing to utilise the supplier's services. All contracting arrangements entered by Council have expiry dates including preferred supplier and pre-qualified supplier arrangements. The expiry dates may be detailed within the contract or cease when a specific procurement activity or project is fulfilled.
- Knowingly creating inaccurate purchase orders - To generate a purchase order number simply to provide to a supplier and then amending/varying the purchase order later to reflect the actual price on the invoice.
- Acceptance of low value gifts, promotional material, items of interest, giveaways, hospitality, loyalty bonuses, prizes, supplier events, free or discounted tickets etc - Could be perceived to engender favour or promote bias when inviting quotations or awarding contracts, irrespective of value, or when aggregated these items exceed the dollar thresholds for declaration in Council's Gifts and Interests register.

Appendix 2 – Assessing value of a contract and examples of inappropriate procurement behaviours

ASSESSING THE VALUE OF A CONTRACT

The value of all contracts for the purposes of compliance with section 224 (2 & 3) of the Regulations includes:

- costs for the full term of the contract, including any options for either party to extend the contract; and
- anticipated contingency allowances or variations; and
- all other known, anticipated and reasonably foreseeable costs.

The expected value of a contractual arrangement with a supplier for a financial year, or over the proposed term of the contractual arrangement, is the total expected value of all of the local government's contracts with the supplier for goods and services of a similar type under the arrangement.

In determining the value of a proposed contract, due diligence should be exercised to ensure that realistic assessments are made of all factors which may impact on the value of the contract. This assessment should take into account all aspects of the proposed contract which are reasonably foreseeable. This has particular application to those procurements which involve schedules of rates or unit prices requiring projections of usage rates and volumes in order to derive the total value of the proposed contract. The assessment of a contract's likely value must be made before entering into a contract.

ILLUSTRATIONS

1. Council proposes to enter into a contract for a supply of quarry products with an initial contract period of three years and an option for an additional two years. The projected value of the contract for the full five-year period must be considered against the dollar thresholds.
2. Council proposes purchasing fuel using a fuel card. The Council must consider the total value of the expenditure under a proposed contract with the fuel provider. The issuing of individual purchase orders or use of debit/credit/company cards does not avoid the requirements of section 224 to 226 of the *Local Government Regulations 2012*.
3. Council proposes calling tenders for grass cutting and divides the area of the municipality into three zones (to reduce the risk of a single contractor failing to deliver). The Council anticipates the total value of contracts for all zones will exceed the threshold amounts (although prices for individual zones may not) and that, notwithstanding the risk aspect, one contractor may be successful in being awarded all contracts. In these circumstances a public tender process is advisable or Council risks having to recommence the procurement process with a public tender if it wishes to award a contract to one contractor for all three zones.
4. Council calls public tenders for construction of a sporting venue, the value of which exceeds the threshold amount. The lodged tenders all exceed the Council budget and Council decides to complete the project using its own resources. Council has complied with the requirements of the Act. The Council is, separately, obliged to ensure that it obtains value for money in a transparent and accountable manner.
5. Council is spending \$70,000 on stationery items each year. Council determines that the optimum period for obtaining value for money is three years (based on factors including the cost of the tender process). The indicative value of the contract is \$210,000 and it is therefore subject to the requirement under section 224 of the Regulations to seek tender proposals through a public process.
6. Council buys trucks using a third party agent – one at a time, in separate contracts, over a short period and each at a value below the threshold. The Council is spending \$500,000 each year on trucks in these separate purchases. As the contracts are separate, section 224 of the Regulation is not enlivened. The Council must, however, separately be able to demonstrate that this method of procurement is achieving value for money in a manner which is transparent and accountable.

MEASURES WHICH INTENTIONALLY AVOID PUBLIC TENDERING

Measures which intentionally seek to avoid the requirement to give public notice – for example, contract splitting, placing multiple orders, seeking multiple quotations with a single supplier or engaging in effect a single supplier under different guises – will breach the requirement to call public tenders where threshold values would otherwise be reached. Councils must act with good faith in this regard.

ILLUSTRATION

One Council bought three vehicles on the same day from the same supplier but as separate contracts. The Council approached three suppliers and asked them to price each of the three vehicles individually rather than submit a quote for the potential purchase of two or more as a means of encouraging better value. This is poor practice. The contract values of the vehicles were \$64,259, \$73,996 and \$71,259 totalling \$209,511, which exceeds public tender thresholds.

Appendix 3 – Financial and Contractual Delegations

Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council's budget the officer's position has been delegated the power to enter contracts up to an amount not less than the amount of the expenditure proposed to be incurred.

Each delegation to an officer of the power to enter a contract must be delegated by the Chief Executive Officer.

The delegation is a positional delegation and remains in force unless revoked by the Chief Executive Officer.

Any officer incurring expenditure on behalf of Council must do so in accordance with any constraints imposed by Council or the Chief Executive Officer.

Position	Delegation (ex GST)
Chief Executive Officer	\$200,000
Chief Operating Officer	\$50,000
Chief Financial Officer	\$50,000
Chief Engineer	\$50,000
Head of Department and Functional Manager	\$35,000
Regional Manager	\$25,000
Regional Building Supervisor	\$25,000
Senior Executive Assistant to Mayor and CEO	\$25,000
Divisional Manager	\$10,000
Other officers where financial delegation is considered an operational requirement, CEO discretion	\$10,000

Council further delegate to the Chief Executive Officer the authority to negotiate, finalise and execute recurring operational expenditure, that are within the adopted budget. These include rent on leased Council premises, Council rates, electricity, telephone, freight, fuel, vehicle registration and others, regardless of whether the value of the expenditure is more or less than \$200,000.