

## **5.4. PROCUREMENT POLICY EXEMPTION TENDER CONSIDERATION**

**REPORT AUTHOR** Terry Farrelly, Manager People and Community Services

**MANAGER** Mark Stoermer, Chief Executive Officer

**DEPARTMENT** People and Community Services

### **RECOMMENDATION**

**That Council;**

- 1. Approves to adopt an exemption for three written quotes under the *Local Government Regulation 2012 Section 230 (1)* to allow Council to engage with contractors, suppliers and for sponsorship for Council operated events for medium/large sized contractual arrangements, for example the Carnivale event;**
  - 2. Approves to adopt this exemption for any contractual arrangement for Council operated events for a period of three (3) years with an extension up to a further three (3) years; and**
  - 3. Delegates authority to the Chief Executive Officer to approve any contractual arrangements for amounts over \$15,000 and up to \$200,000 in this exemption.**
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### **EXECUTIVE SUMMARY**

Council operates over ten (10) community and civic events, workshops and forums per annum requiring the purchase of goods and services engaging directly with sponsors or community and commercial entities.

Under Council's current Procurement Policy written quotes are required prior to supplier engagement and does not allow for sponsorship considerations:

- The Carnivale event attracts over 60 suppliers and sponsors requiring quotes for each service.
- Council Officers have identified and engage specific event suppliers due to the uniqueness of their business.
- Sponsorship for an event is provided in the form of discounted or additional services alongside in-kind support or partnership arrangement with Council.

Adopting this exemption, Council would engage suppliers and enter into a Tender Consideration Plan, detailing what activities and objectives would occur, terms and conditions of the goods and services.

### **BACKGROUND**

Community Development is directly involved in events and civic ceremonies, workshops and forums requiring direct purchase of good and services. Council currently uses the existing adopted Purchasing Policy requesting two (2) written quotes for purchases between \$3,000 and \$15,000; and three (3) written quotes over \$15,000.

Carnivale, the Shire's major event has undergone many changes. It began in 1994 and was originally based around a yacht race which expanded as an annual May event with the highlights being the Macrossan Street Parade, Family Beach Day, Saturday evening Food & Wine or Rock Concert festivals plus a range of well-established events.

In October 2014 Council resolved to enter a three (3) year Resource and Performance Agreement with the Douglas Chamber of Commerce for the delivery of Carnivale and in August 2015 Council was notified that the Chamber no longer wish to continue managing Carnivale for 2016.

In 2016, Council resolved Knockout Events Australia Pty Ltd, a Melbourne-based event company also operating the Wonderland Spiegeltent, enter into a Resource and Performance Agreement for the delivery of Carnivale for two (2) years.

Post 2017 acquittal, Knockout Events Resource and Performance agreement to deliver Carnivale was terminated and Council entered into a contract to provide the Wonderland Spiegeltent and Spiegeltent programing for Carnivale for three (3) years with project milestones.

In essence, up until 2018 the bulk of purchasing and management was prepared on behalf of Council by external event coordinators. The Community Development unit have managed and delivered the Carnivale main events for 2018 and 2019.

## COMMENT

Council Officers have identified a requirement for a streamlined purchasing and prescribed activity process to execute all keystone events in the Douglas calendar.

The events include:

- Carnivale
- Garden Awards
- Australia Day
- Anzac Day
- Twice per annum Citizenship Ceremony
- Mossman Show
- NAIDOC Week
- Seniors Week
- Additional Council Events as required

The providers include:

- Artists and Performers
- Advertising and marketing agencies
- Traffic control
- Fireworks
- Specialist equipment hire
- Event organisers
- Entertainment
- Community groups
- Commercial entities
- Catering
- Dry Hire – Port-a-loos

- Media outlets
- Security
- Printing organisations

The 2017 Knockout Event acquittal outcome recognized the Douglas Shire wider community felt our high-profile event was no longer a 'local event'.

The aim of a Tender Consideration Plan for Events is to improve the efficiency of the operation process:

*230 Exception if quote or tender consideration plan prepared*

*(1) A local government may enter into a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if the local government—*

- (a) decides, by resolution, to prepare a quote or tender consideration plan; and*
- (b) prepares and adopts the plan.*

*(2) A quote or tender consideration plan is a document stating—*

- (a) the objectives of the plan; and*
- (b) how the objectives are to be achieved; and*
- (c) how the achievement of the objectives will be measured; and*
- (d) any alternative ways of achieving the objectives, and why the alternative ways were not adopted; and*
- (e) the proposed terms of the contract for the goods or services; and*
- (f) a risk analysis of the market from which the goods or services are to be obtained.*

Under Section 230 (2a), *Council objectives of the plan are:*

- Develop an internal strategy for event purchasing requirements
- Direct engagement of local content
- Suppliers paid within purchasing contract terms
- Reduction in the use of Council resources
- Hours reduced in operational arrangements
- One work order only

Under Section 230(2b), *how the objectives are to be achieved by:*

- Tender Consideration Plan
- Frequent monitoring of event specifications against the Event Management Plan
- Use of compliant local supply mix
- Work within adopted Budget

Under Section 230 (c) *the achievements of the objectives will be measured by:*

- Council has long a standing history with suppliers and sponsors
- Actual to Budget review
- Regular Council updates
- Post 2020 Carnivale community survey
- Post – event acquittal measured against the objective of the Plan
- Final Report

GOAL 1: Improve the effectiveness of event procedures and performance

GOAL 2: Support local suppliers and sponsors with on-going contractual arrangements

GOAL 3: Encourage community confidence in Council's delivery of events

## **PROPOSAL**

It is proposed, in accordance with the Local Government Regulation 2012, Section 230 (1), Council adopts a Tender Consideration Plan with contractual arrangements for all community and civic events, workshops and forums without additional written quotes.

Under these arrangements the Chief Executive Officer will approve all contractual arrangements for amounts over \$15,000 up to \$200,000, all amounts exceeding these amounts will be via tendering procurement arrangements.

## **FINANCIAL/RESOURCE IMPLICATIONS**

Council officers will engage with suppliers that are compliant with the existing Procurement Policy being;

- Value for money
- Local supplier
- Have appropriate insurances and licenses
- Existing or future sponsor

## **RISK MANAGEMENT IMPLICATIONS**

Risk if Council do not adopt recommendations;

- Additional Council resources and limited time to gather additional quotes to engage in suppliers.

Risk if Council does adopt recommendations;

- Community criticism over the process of engaging contractors directly.

## **SUSTAINABILITY IMPLICATIONS**

**Economic:** The time and resources reduced to enter into contracts

**Environmental:** The process will not have any effect on the environment

**Social:** This will allow more resources to engage with local suppliers and possibility to attract additional sponsorship.

## CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

### Corporate Plan 2019-2024 Initiatives:

#### Theme 1 - Celebrating Our Communities

**Goal 1** - We will celebrate the diversity of our community and ensure that all infrastructure, programs, and services are underpinned with inclusiveness and accessibility.

**Goal 2** - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

**Goal 3** - We will develop programs that promote health, well-being and safety in the community.

**Goal 4** - We will promote arts and cultural programs and events that bring vibrancy to the community and compliment the tourist experience.

## COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

<b>Builder/Owner</b>	Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.
<b>Custodian</b>	Council owns and manages infrastructure, facilities, reserves, resources and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment, and good governance.

## CONSULTATION

**Internal:** Chief Financial Officer and Senior Procurement Officer

**External:** Nil

## COMMUNITY ENGAGEMENT

Nil

## ATTACHMENTS

Nil