

# Local Government (Best Value Principles) Bill

## As Sent Print

### EXPLANATORY MEMORANDUM

#### General

The main purpose of the Bill is to amend the **Local Government Act 1989** to replace the compulsory competitive tendering requirements imposed on Councils with an obligation to ensure that Councils seek the best value in providing services.

#### Clause Notes

- Clause 1 outlines the purpose of the Bill, which is to amend the **Local Government Act 1989** to replace the compulsory competitive tendering requirements imposed on Councils with an obligation to ensure that Councils seek the best value in providing services.
- Clause 2 provides for the Bill to come into operation on the day after it receives Royal Assent.
- Clause 3 inserts a new sub-section in the section setting out the objectives of Councils which provides that in seeking to achieve its purposes a Council has a new objective of achieving the Best Value Principles as set out in section 208B of the Bill.
- Clause 4 substitutes Division 3 of Part 9 of the **Local Government Act 1989** dealing with competitive tendering with a new Division 3 dealing with Best Value Principles. The new Division 3 sets out the Best Value Principles and provides that a Council must comply with these Principles. It also requires Councils to develop quality and cost standards for the provision of any service it delivers for its community. In developing these standards a Council must take into account the need to review services against the best on offer in both the public and private sectors, an assessment of value for money in service delivery, community expectations and values and the balance of

affordability and accessibility of services to the community. These standards must be publicly available.

In applying the Best Value Principles a Council may take these factors into account as well as opportunities for local employment growth and retention, the value of potential partnerships with other Councils and state and the Commonwealth governments and potential environmental advantages for the Council's municipal district. A Council must report to its community at least once every year on what it has done to ensure that it has given effect to the Best Value Principles.

It also provides that a Council must apply the Best Value Principles to all of the services it provides on or before 31 December 2005 and must develop a program for the application of the Best Value Principles on or before 31 December 2000.

In addition the Minister may, after consultation, publish Codes and guidelines in relation to the Best Value Principles.

- Clause 5 repeals other competitive tendering provisions in the **Local Government Act 1989** such as the definition of "competitive tendering statement" in section 3 of the Act; sections 126(1)(aa) and (ac), 127B and 186(5)(e) of the Act; and item 11A of Schedule 12 of the Act.
- Clause 6 increases the minimum compulsory tender amount in section 186(1) of the **Local Government Act 1989** from \$50 000 to \$100 000. Where a Council intends to enter a contract for the purchase of goods or services, or for the carrying out of works, and the contract has a value of \$100 000 or more, the Council must invite tenders or expressions of interest from any person wishing to undertake the contract by a public notice.
- Clause 7 provides a new regulation making power in Schedule 12 of the **Local Government Act 1989** which enables regulations to be made exempting a service or class of service from the application of Division 3 of Part 9 of the Act, and requiring Councils to report on any matter relating to the Best Value Principles, and specifying the form and contents of the reports.