

1. Purpose

This Policy sets out Council's principles and mandatory requirements for the acquisition of goods and services, and the conduct of all procurement activities, including the disposal of valuable non-current assets.

2. Scope

This Policy applies to all procurement activities, including goods, services, equipment, and contractor engagements, and includes all commercial transactions where the outlay of funds results in the provision of goods, services or other items.

This Policy applies to all Council employees, contractors, volunteers, and any person acting on behalf of Council, and should be read in conjunction with other Council policies and procedures, including but not limited to the Code of Conduct, Procurement Procedure, Purchase Card Policy, Financial Delegations Register, and Fraud and Corruption Prevention Policy.

3. Responsibility

Council is responsible for the approval of this Policy, with the Executive Management Team assisted by the Chief Financial Officer, responsible for its implementation, maintenance and compliance monitoring.

Managers are responsible for ensuring that this policy is understood and complied with by all Council employees, contractors, volunteers, and any person acting on behalf of Council.

The Procurement Coordinator is responsible for monitoring procurement activities and processes, and for reporting on Council's Procurement Policy and Procedure compliance.

All authorised delegates of Council must comply with the financial limits contained in the Financial Delegations Register.

4. Definitions

Act means the *Local Government Act 2009*.

Approved Contractor List has the same meaning as set out at Section 231 of the Local Government Regulation 2012.

Authorised Delegate of Council means a Council officer with the appropriate delegation and permission to make the particular decision.

Contractual Arrangement means an arrangement between the local government and the supplier comprised of:

- (a) a contract for the supply of goods or services; or
- (b) if the local government and supplier enter into more than 1 contract for the supply of goods or services of the same, or a similar, type, each of the contracts.

Large – Sized Contractual Arrangement has the same meaning as that defined in Section 223C of the Regulation and means a Contractual Arrangement between Council and a supplier that is expected to cost, exclusive of GST, over its Term at least:

- (a) for an arrangement entered into before 1 July 2026 - \$280,000; or
- (b) for an arrangement entered into on or after 1 July 2026 - the minimum amount for the arrangement as adjusted under section 223E of the Regulation (as published by the Queensland State Government on its website).

Local Business means a business:

- Which is owned or operated by persons who are residents within the Hinchinbrook Shire Council area; and
- Has a permanent place of business within the Hinchinbrook Shire; and
- Primarily employs persons who are residents or ratepayers from within the Hinchinbrook Shire.

Local Business Allowance means a bonus percentage allowance applied to the gross price for submissions which meet the definition of a Local Business Allowance.

Local Content means the direct costs of the supply of goods, materials and services provided by or procured from a local business or employees living permanently in the Hinchinbrook Shire area but does not include quarry material and pre-mix concrete. Local Content is only to detail subcontractors or businesses that the tenderer anticipates to engage as part of the carrying out of works under the contract.

Medium Sized Contractual Arrangement has the same meaning as that defined in Section 223B of the Regulation and means a Contractual Arrangement (that is not a Large-sized Contractual Arrangement) between Council and a supplier that is expected to cost, exclusive of GST, over its Term at least:

- (a) for an arrangement entered into before 1 July 2026 - \$21,000; or
- (b) for an arrangement entered into on or after 1 July 2026 - the minimum amount for the arrangement as adjusted under section 223E of the Regulation (as published by the Queensland State Government on its website).

Preferred Supplier Arrangement has the same meaning as set out in Section 233 of the Regulation.

Procurement means the purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment, related services, construction contracts and service contracts.

Register of Pre-Qualified Suppliers has the same meaning as set out at Section 232 of the Regulation e.g. Council's Register of Pre-Qualified Suppliers for the supply of Plant Hire arrangement.

Request for Quotation (RFQ) a document which clearly details the specifications, conditions and terms for the supply and/or delivery of goods and/or services.

Regulation means the Local Government Regulation 2012 (Qld).

Sound Contracting Principles means those principles set out at Section 104(3) of the Act.

Term in relation to a Contractual Arrangement, includes any possible extension by renewal of the term of the Contractual Arrangement that is agreed at the time the arrangement is entered into.

Valuable Non-Current Asset Contract has the same meaning as that defined in Section 223A of the Regulation and for the purposes of this Policy is a contract for the disposal of a valuable non-current asset.

5. Policy

5.1 Compliance

All procurement activity must be carried out in accordance with this Policy, associated Policies and Procedures, and relevant laws and regulation, including the *Act*, the Regulation, *Public Sector Ethics Act 1994* and any relevant environmental, safety, anti-bribery and corruption legislation.

All procurement activity must meet the requirements of sound contracting principles set out within the *Act* Section 104(3):

- (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.

All Council employees, contractors, volunteers, or any other person acting on behalf of Council, must do so in a professional manner, abiding by the terms of the Code of Conduct, and exemplifying impartiality, fairness, integrity and best practice procurement principles.

5.2 Sound Contracting Principles

Value for Money

Council must utilise its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. In assessing value for money, Council may have regard to, as relevant to the nature, scope, value, and risk of the procurement, the following considerations:

- Whole of life costs including costs of acquiring, using, maintaining and disposal;
- Contribution to and supporting the advancement of Council's priorities and strategic objectives including buying local wherever possible;
- Value adds, cost savings and/or discounts;
- Fit for purpose, quality, services and support;
- Reduction of internal administration costs;
- Technical compliance issues;
- Risk exposure;
- Benefits to the community (e.g. employment of local labour); and
- The value of any associated environmental benefits and/or any environmental cost.

Open and Effective Competition

Council will, as far as is practicable, procure goods and services through a process of open and effective competition. Suppliers wishing to conduct business with Council will be given every reasonable opportunity to do so subject to them satisfying Council's requirements and relevant evaluation criteria.

Council must be fair and equitable when considering all prospective suppliers by:

- Ensuring procurement and contracting processes are transparent and accessible to Council, suppliers and the public;
- Providing equal and reasonable opportunities for all suppliers to offer their goods and services to Council; and
- Framing invitations in way that encourages open competition and attracts the best value for money offers.

The Development of Competitive Local Business and Industry

In pursuit of achieving Community, Corporate and Operational Plan objectives, Council observes legislative requirements and 'sound contracting principles'. Council is committed to developing local business and industry, through providing full, fair, and reasonable opportunity for local business and industry to be engaged to provide goods and services to Council.

In delivering on this commitment, Council considers local content and a local business allowance in all quotations and tenders through the inclusion of assessment weightings that encourage local business and industry participation, principally:

- Local Business Allowance – the below pricing allowances apply to all submissions that meet the Local Business Allowance eligibility criteria:
 - For values between \$0 and below \$280,000, a 5% Local Business Allowance is applied to the assessed price; or
 - For values of \$280,000 and above, a 2.5% Local Business Allowance is applied to the assessed price.
- Local content - an evaluation weighting of a minimum of 10% is to be assigned to all quotations and tenders for the purpose of assessing the level of local content in the submission and encouraging all suppliers (local and non-local) to utilise local products and services.

Council Officers must make every effort to ensure that local businesses are given every opportunity to provide quotes under section 5.4 and 5.5 of this Policy.

Council may also consider the following factors:

- The potential to create employment opportunities within the region;
- Contributions to regional economic growth;
- The availability of local goods, services and support; and
- The overall benefit to Council from engaging local suppliers, including the positive flow-on effects of local commercial transactions.

Environmental Protection

Council will, especially when undertaking large size contract purchasing activities:

- Fulfill its obligations under the *Environmental Protection Act 1994* and the *Waste and Recycling Reduction Act 2011*, where possible;
- Provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- Encourage environmentally responsible activities.

Council may also consider the following:

- The environmental performance of prospective contractors or suppliers;
- The selection of products that minimise impact on human health and natural environment; and
- The environmental impact and efficiency of requested products – such as energy ratings, water ratings, fuel efficiency, durability, recycled content, toxicity, the source of wood-based components (e.g. paper) and end of life disposal considerations.

Ethical Behaviour and Fair Dealing

Council staff involved in procurement must:

- Behave with impartiality, fairness, independence, openness, integrity, and professionalism with suppliers and their representatives throughout the whole procurement process; and
- Act, and be seen to act, ethically and in accordance with Council's Code of Conduct. Council officers should apply the ethical behaviour and fair dealing principle by providing:
 - Full disclosure of all relevant information to all responding parties;
 - Equal response durations and closing times;
 - Declarations by officers regarding confidentiality and conflicts (where applicable); and
 - Probity plans (where applicable).

Procurement must be conducted so that funds are only expended in Council's best interests and that procurement decisions are adequately documented.

5.3 Authorised Expenditure and Delegate Requirements

Procurement activities can only occur where the underlying goods or services to be procured, are permitted under Council Policy, Local Government Legislation or Regulation.

In order for procurement to commence, a budget must exist for the item being procured, or alternatively an appropriate Council resolution.

Only those employees and contractors with an appropriate delegation and area of responsibility applicable to the type of procurement activity, are permitted to authorise the procurement to commence and for successful parties to be engaged to provide goods or services.

Financial and Contractual Delegations

The Chief Executive Officer implements Council's policies and decisions e.g. spending in accordance with the adopted budget. All delegation amounts are GST exclusive. Other officers may only incur expenditure on behalf of Council if:

- The Officer has been granted the financial and contractual delegation by the Chief Executive Officer and this delegation has been recorded in the register of 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.

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

5.4 Preferred Supplier Arrangements and Pre-Qualified Supplier Registers

Where a preferred supplier arrangement or pre-qualified supplier register exists, then goods and services of a similar nature to that defined in the agreement or register, can be procured in accordance with the below requirements.

Preferred Supplier Arrangement (PSA)

- Where a preferred supplier arrangement (PSA) is in place, Council will ordinarily procure the applicable goods or service through the contracted supplier(s), in accordance with the terms of the PSA;
- Expenditure authorisation and delegation limits apply to all PSA purchases; and
- All PSAs are to be monitored for performance and value for money.

Prequalified Suppliers

- Suppliers contracted under a register of pre-qualified suppliers must be used where their goods and/or services offering represents the best value for money; and
- For procurement activities undertaken through an approved register of pre-qualified suppliers (ROPS), Council is not required to obtain multiple quotes or conduct a tender process. Value for money must instead be demonstrated through appropriate supplier selection, pricing reasonableness and documented decision making.

5.5 Procurement Thresholds

At all times, Council's intent is for the development of competitive business and industry within the Hinchinbrook Shire to be considered when applying these procurement thresholds.

The following table defines the requirements for tenders and quotations unless excepted in accordance with section 5.6 and 5.7 of this policy.

PROCUREMENT THRESHOLDS			
Value of Contract (excl. GST)	Minimum Number of quotes to be invited	Accepted Communication	Engagement Documentation Required
\$0 - \$250	Nil	-	No
\$251 - \$2000	One*	Verbal, Email, Internet, Catalogue	No
\$2,001 - \$5,000	Two*	Verbal, Email, Internet, Catalogue	No
\$5,001 - \$20,999	Two*	Written (Email, Internet, Catalogue, VendorPanel)	No
\$21000 - \$279,999	Three*	Written (VendorPanel)	Yes (Offer Document/FNQROC Template Required)*
\$280,000 and over	Open Tender*	Written (VendorPanel)	Yes (FNQROC Template Required)*

*The use of templated documents and undertaking procurement processes through VendorPanel is always best practice. However, Council understands that in some circumstances this is not always possible, and other means of procuring goods and services is necessary to fulfill the organisation's obligations to the community. Please note that the minimum number of quotes is still required.

Note: When seeking quotations, officers should consider the likelihood of exceeding the value thresholds listed above in a financial year (excluding GST), or over the proposed term of any contractual arrangement, with a supplier, including any contract extensions. 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 \$280,000 in a financial year, or over the proposed term of the contractual arrangement, then a public tender is required.

All quotations received must be registered and attached via the purchase requisition and/or order system.

Valuable Non-Current Asset Contract

A valuable non-current asset contract is a contract for the disposal of valuable non-current asset.

A valuable non-current asset is:

- Land; or
- Another non-current asset that has an apparent value that is equal to or more than the limit set by Council.

The apparent value limits for disposal of valuable non-current assets set by Council in compliance with the Regulation Section 223D are:

- Land - \$1;
- For plant and equipment - \$7,000; or
- For another type of non-current asset - \$14,000.

Regulation Section 227 provides that Council cannot enter into a valuable non-current asset contract unless it first:

- Invites written tenders for the contract under Section 228 of the Regulation; or
- Offers the non-current asset for sale by auction.

This requirement is subject to the exceptions set out in Section 236 of the Regulation for valuable non-current asset contracts.

Non-Valuable Non-Current Asset

Disposal of a non-valuable non-current asset or goods is to be authorised by the appropriate Director.

The method used for the disposal of non-valuable non-current assets is to maximise the return to Council. The accepted means of disposal under this category may include, but is not limited to:

- External quotation – 2 quotes required; or
- Public auction or tender; or
- Disposal to a community organisation; or
- Disposal to a government agency; or
- Sale to second hand dealer.

Invitation to Tender

Hinchinbrook Shire Council must invite written tenders or expressions of interest as outlined in s228 of the Regulation.

For Council to enter into a large sized contractual arrangement or a valuable non-current asset contract, it must first invite written tenders.

The invitation for the tenders must:

- Be published on the local government's website for at least 21 days;
- Be advertised in a newspaper circulating generally in Council's Local Government Area; and
- The Local Government also must take all reasonable steps to publish the invitation for tenders in another way to notify the public about the tender process, such as Tenderlink or Vendorpanel.

Council may decide not to accept any tenders it receives. If Council decides to accept a tender, Council must accept the tender most advantageous to it, having regard to the sound contracting principles.

Expressions of Interest Invitations

Prior to issuing an Expression of Interest (EOI) over \$280,000 (excl. GST), a Council resolution must be obtained. An EOI may only be utilised to facilitate a closed or selective tender process when Council believes that it would be in the public interest to invite expressions of interest before seeking written tenders, this decision must be formally resolved by Council and its reasons for making the resolution recorded in the meeting minutes.

If Council resolves to invite expressions of interest, an officer must prepare a shortlist for the persons who respond to the invitation for expressions of interest. An officer must then invite written tenders from those persons.

EOI's may be called under the \$280,000 threshold without a Council resolution, however the EOI process must still comply with the normal procurement threshold guidelines.

5.6 Exceptions for Medium Sized and Large Sized Contractual Arrangements

In accordance with the Regulation, the primary exceptions to the requirement to obtain quotes or go to tender outlined in section 5.5 of this policy, include circumstances where:

- A Quote or Tender Consideration Plan is prepared (s.230);
- An Approved Contractors List exists (s.231);
- A Register of Pre-Qualified Suppliers is established (s.232);
- A Preferred Supplier Arrangement is established (s.233); or
- An LGA Arrangement, such as Local Buy Register of Pre-Qualified Suppliers exists (s.234).

5.7 Other Exceptions

Council may enter into a medium sized or large sized contractual arrangement without first inviting written quotes or tenders if:

- The Local Government resolves it is satisfied that there is only one supplier who is reasonably available (Sole Supplier) (s.235(a));
- The Local Government 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 tenders (s.235(b));
- A genuine emergency exists (requires CEO Approval) (s.235(c));
- The contract is for the purchase of goods and is made by auction (s.235(d));
- The contract is for the purchase of second-hand goods (s.235(e)); or
- The contract is made with or under an arrangement with, a government agency (s.235(f)).

5.8 Recurrent Operational Expenditure and other Specific Arrangements

Utility Type Payments

Council further delegates to the Chief Executive Officer, and their delegates, the authority to negotiate, finalise and execute recurrent operational expenditure, for example electricity, telephone, vehicle registration, insurance regardless of whether the value of the expenditure is more or less than \$1,000,000.

Some utility-type services, most notably electricity and telecommunications services are provided to Council without the raising of a Purchase Order. No pre-approval of these costs is obtained.

Payment of these invoices is generally approved within Financial Services (alternatively Financial Services may circulate the invoices to the relevant areas of Council for approval). For these purposes, staff can approve payments up to the limits set out in the Financial Delegations Register.

The payment of payroll deductions, such as tax and superannuation, can be approved by staff up to the limits set out in the Financial Delegations Register.

Corporate Credit Cards

The use of Council corporate credit cards is for emergent, infrequent purchases and low value expenses where possible. The use of purchase orders is preferred over credit cards. Credit cards may only be utilised after assessing the procurement activity and ensuring that there is no other option that is better suited to address this matter. Refer to Council's Purchase Card Policy.

5.10 Decision making for Quotes and Tenders

For clarity, the ability to determine the outcome of a tender or a quotation process is in accordance with the Financial Delegations Register.

5.12 Variation

A variation is an agreed amendment to a contract that changes the original terms, conditions or scope of the contract. For the purpose 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 a delegated Council officer and in line with financial delegations.

5.13 Splitting Orders

It is the responsibility of financial delegates to make sure that orders and/or transactions they approve have not been 'split' into a number of smaller orders to avoid the need for written quotes/tenders or to circumvent delegation limit.

5.14 Conflict of Interest

All Council officers involved with a procurement activity should register any conflict of interest (whether the Conflict be 'actual', 'perceived' or 'potential') with the Procurement Coordinator and the supervising Director prior to taking part in the procurement activity. A Director is to register any conflict of interest with the Procurement Coordinator and the CEO. The CEO should register any conflict of interest with the Procurement Coordinator and the Mayor.

The statement of interests should be in writing and should clearly explain the Officer's interests in the transaction.

Complaints in relation to conflict of interest are to be made to the Public Interest Disclosure (PID) Coordinator in all instances.

5.15 Purchasing from Related Parties

Purchasing goods or services from family members or other related parties constitutes an actual or perceived conflict of interest and must be managed in accordance with section 5.14 of this Policy.

Officers involved in such transactions must declare the conflict of interest in writing prior to any procurement decision being made and must not participate in the procurement decision or approval process unless otherwise approved in accordance with this Policy.

Any approval to proceed with a related-party transaction must be documented by the supervising officer and demonstrate compliance with the principles of value for money, probity, and transparency.

5.16 Financial Delegations

All purchasing requirements will be in accordance with the Financial Delegations Register; including, but not limited to:

- Purchase Card use;
- Raising of purchase order;
- Approval of quotation;
- Variances to quotation or tender;
- Payment of invoice;
- Procurement authorisation level; and
- Financial limit.

5.17 Gifts and Benefits

Suppliers may, on occasion, offer gifts or benefits to Council officers. Acceptance of any gift or benefit is strictly governed by Council's Code of Conduct. Under no circumstances may gifts or benefits be offered or accepted during any procurement activity or contracting activity, including planning, tendering, evaluation, negotiation or contract award.

6. Legal Parameters

Council's procurement activities are undertaken in accordance with the legislative and regulatory requirements outlined below.

- *Local Government Act 2009*;
- *Local Government Regulation 2012*; and
- *Public Interest Disclosure Act 2010*.

7. Associated Documents

The documents listed below provide supporting guidance and governance relevant to the application of this Policy:

- Administrative Action Complaints Policy;
- Caretaker Period Policy;
- Code of Conduct;
- Fraud and Corruption Prevention Policy;
- Investment Policy and Procedure;
- Procurement Procedure;
- Public Interest Disclosure Policy;
- Purchase Card Policy; and
- Purchase Card Procedure.

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