

Procurement Policy

Policy Type	Governance Policy	Version:	4.0
Responsible Officer	Manager Finance	Date Approved:	18/06/2025
Review Officer:	Director Corporate & Community Services	Review Due:	18/05/2026
Author:	Director Corporate & Community Services	Commencement:	18/06/2025

1. PURPOSE

This policy sets out Council's position on the acquisition of goods and services and carrying out of the procurement principles to ensure all Council officers adhere to sound contracting principles in the course of day-to-day operations to achieve value for money for Council.

2. SCOPE

This policy applies to the procurement of all goods, materials, equipment and related services, construction contracts, service contracts (including maintenance) and consultant services.

The principles outlined in this policy must be followed by Council officers, labour hire, volunteers, contractors, and consultants when procuring any goods, services and works for any Council related activity or purpose and should be read in conjunction with the Guidelines for Procurement Administration.

3. PROCUREMENT PRINCIPLES

3.1 CONTRACTING PRINCIPLES

All Council purchases must be carried out in compliance with the *Local Government Act 2009* ("the Act") and the *Local Government Regulation 2012* ("the Regulation"). In particular, Chapter 6, Part 3 – Default contracting procedures of the Regulation apply.

Council employees must have regard to the following contracting principles in all procurement activities:

3.1.1 Value for Money

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone.

3.1.2 Open and Effective Competition

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

3.1.3 Development of Competitive Local Business and Industry

Council's policy is to support local businesses and industries where practicable to support the viability of local businesses in all townships within the Mareeba Shire Council area.

In accordance with section 104(3)(c) of the Act, Council wishes to pursue the principle and objectives of enhancing the capabilities of local business and industry as part of the process of making its purchasing

decisions. For this purpose, local suppliers shall be allowed certain concessions in respect to contracted arrangements:

(i) Price

Prices offered by local suppliers shall be considered to be comparable with non-local suppliers where the local supplier's offered price is no more than 10% higher (up to the tolerance of \$5,000) than the lowest priced offered. (E.g., the local supplier can be evaluated as price comparable when the local supplier price is less than or equal to the non-local supplier price, excluding GST + 10%, where the 10% margin is less than \$5,000).

(ii) Local Business Development

In the evaluation of tenders or offers, Council may attribute a portion of the selection criteria to local business preference. The score weighting applied to the local business preference criteria shall be no more than a 10% weighting within the overall criteria (100%).

In order to apply the Local Business Preference component, employees must seek and evaluate tenders and offers from non-local suppliers. It is not intended that this preference be granted at officer discretion.

3.1.4 Environmental Protection

Council promotes environmental protection through its purchasing procedures.

3.1.5 Ethical Behaviour, Fair Dealing and Probity

Council employees involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.

The use of probity advisors or probity auditors shall be considered where the large-scale procurement arrangement is sensitive, highly complex, of public interest or likely to be challenged.

3.2 WORKPLACE HEALTH AND SAFETY PROCUREMENT CONSIDERATIONS

Council employees involved in purchasing are to abide by Council's *Workplace Health and Safety Procurement procedures (WP3.6.1 Purchasing and Supplier Control Guidelines, and WP3.7.1 Contractor Management Procedure)*.

4. PROCUREMENT OF GOODS AND SERVICES

4.1 PURCHASING REQUIREMENTS

The approved method for procurement is outlined in Council's *Guidelines for Procurement Administration*.

4.2 MINOR AND PETTY CASH PURCHASES UP TO \$100 (EXCLUSIVE OF GST)

Purchases of minor amounts of goods and services to the value of \$40 may be made from petty cash as an expense reimbursement. However, expense reimbursements of up to \$100 may be made by petty cash where an emergency or immediate payment is required.

Please refer to Council's *Petty Cash Procedure* for further information.

4.3 SUMMARY OF PROCUREMENT THRESHOLDS

Purchase of Goods and Services		
Exclusive of GST	Inclusive of GST	Documentation required
Less than \$5,000	Less than \$5,500	One (1) Verbal Quote
\$5,000 to \$15,000	\$5,500 to \$16,500	Two (2) Written Quotes
\$15,000 to \$200,000	\$16,500 to \$220,000	Three (3) Written Quotes on VendorPanel
Greater than \$200,000	Greater than \$220,000	Tenders on VendorPanel

4.4 PURCHASES UP TO \$5,000 (EXCLUSIVE OF GST)

Purchases of goods and services to the value of \$5,000 must be raised in Council's electronic purchase order system. There is no requirement for multiple quotes for purchases up to \$5,000.

Low value items (purchases valued at less than \$2,000) may be made by corporate credit card where purchases are irregular and where it is more cost effective to do so.

4.5 PURCHASES BETWEEN \$5,000 AND UP TO \$15,000 (EXCLUSIVE GST)

Goods or services to this value require a minimum of two (2) written (or emailed) quotes except where acquired under an exception as outlined in section 4.10 below. Details of quotes are to be input into the purchase requisition and the quote must be attached to the requisition.

VendorPanel is preferred to be used to source quotes for all purchases between \$5,000 and \$15,000. However, other written quotes will be accepted.

Please refer to the *Guidelines for Procurement Administration* for further information.

4.6 MEDIUM SIZED CONTRACTS - PURCHASES BETWEEN \$15,000 AND \$200,000 (EXCLUSIVE OF GST)

Section 225 of the Regulation states that a local government cannot enter into a medium-sized contract unless it first invites written quotes for the arrangement, and requires that:

- The invitation must be given to at least three (3) persons/entities who the local government considers can meet the requirements, at competitive prices.

VendorPanel should be used to source quotes for all medium sized contracts.

The local government may decide not to accept any of the quotes received. If the local government does decide to accept a quote, it must accept the quote most advantageous to the organisation, having regard to the sound contracting principles in section 104 of the LGA.

Please refer to the *Guidelines for Procurement Administration* for further information.

4.7 LARGE SIZED CONTRACTS - PURCHASES ABOVE \$200,000 (EXCLUSIVE OF GST)

Section 226 of the Regulation states that a local government cannot enter into a large-sized contract unless it first invites written tenders in accordance with section 228.

Section 228(2) requires that Council invite written tenders under section 228(4) or invite expressions of interest under section 228(5) before considering whether to invite written tenders.

Please refer to Council's *Guidelines for Procurement Administration* for further information.

4.7.1 Invitations to Tender

Section 228(4) of the Regulation specifies the invitation must;

- be published on the local government's website for at least 21 days; and
- allow written tenders to be given to the local government while the invitation is published on the website.

Also, the local government must take all reasonable steps to publish the invitation for tenders or for expressions of interest in another way to notify the public about the tender process e.g. (relevant industry publication, eprocurement site or newspaper).

Tenders are to be submitted to the Electronic Tender Box (VendorPanel).

Council may decide not to accept any tenders it receives, however, if it does decide to accept a tender, it must be the most advantageous to Council having regard to the Sound Contracting Principles in Section 3 of this Policy document.

4.7.2 Expressions of Interest Invitations

Section 228(3)(a) and (b) of the Regulation, requires that where 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 and recorded in minutes.

The Expression of Interest invitation must:

- be published on the local government's website for at least 21 days; and
- allow written tenders to be given to the local government while the invitation is published on the website.

Also, the local government must take all reasonable steps to publish the invitation for tenders or for expressions of interest in another way to notify the public about the tender process e.g. (relevant industry publication, e-procurement site or newspaper).

Under section 228(7), if Council invites Expressions of Interest, the local government may prepare a shortlist and invite written tenders from shortlisted parties.

4.8 VARIATIONS TO TENDER OR CONTRACT

During the management of a contract, there may be occasions when variations occur. A variation is when there is a change to the agreed scope of works, due to a variety of factors such as time or delays, methodology changes or latent conditions or cost implications.

For an original purchase order involving a cost of more than \$200,000, if the cumulative value of variations exceeds 20% of the value of the original purchase order or \$200,000, whichever is the lesser, the variation and all further variations must be considered by Council's Executive Management Team.

Please refer to Council's *Guidelines for Procurement Administration* for further information.

4.9 ASSESSING PROCUREMENT VALUE

Where it is *likely* that the value of the contractual arrangement *could* exceed \$200,000, employees shall invite tenders or expressions of interest, subject to the exceptions outlined in 4.10 below.

The ***entire contract value*** includes contracted sum, possible variations, possible project overruns, project contingencies, retainers and retentions.

4.10 EXCEPTIONS TO REQUIREMENTS TO INVITE WRITTEN QUOTATIONS AND TENDERS

Chapter 6, Part 3, Division 3 of the Regulation identifies exceptions for medium and large-sized contracts. The following exceptions apply to all procurement over \$15,000.

4.10.1 Pre-Qualified Suppliers - Section 232 of the Regulation

The organisation may enter into an arrangement without first inviting tenders or quotations if it is entered with a supplier from a register of pre-qualified suppliers (ROPS) only where a register of pre-qualified suppliers has been determined by Council resolution.

A register of pre-qualified suppliers of particular goods or services may be established only if:

- the preparation and evaluation of invitations each time the goods or services are needed would be costly; or
- the capability or financial capacity of the supplier of the goods or services is critical; or
- (the supply of the goods or services involves significant security considerations; or
- a precondition of an offer to contract for the goods or services is in compliance with particular standards or conditions decided by Council; or
- the ability of local business to supply the goods or services needs to be identified or developed.

Please refer to Council's *Procedure for Procuring Pre-Qualified Suppliers* for further information.

4.10.2 Sole Supplier/Preferred Supplier Arrangements – Sections 235/233 of the Regulation

Section 235 of the Regulation specifies that Council can only enter a medium or large sized contract without first inviting quotes or tenders if:

- Council resolves that it is satisfied that there is only one supplier reasonably available to it; 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 tenders; or
- a genuine emergency exists; or
- the contract to purchase goods is made at an 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 body.

The organisation may also enter into an arrangement without first inviting tenders or quotations only where a preferred supplier arrangement has been determined by Council resolution, section 233 of the Regulation, however Mareeba Shire Council does not utilise Preferred Supplier Arrangements.

4.10.3 LOCAL BUY/LGA Arrangement – Section 234 of the Regulation

Under this provision, the organisation may enter into an arrangement without first inviting written quotes or tenders if the contract is an LGA arrangement.

The term *Local Buy* does not mean Council's local business preference described in section 3.1.3 of this policy.

4.10.4 Tender Consideration Plan – Section 230 of the Regulation

The Council may enter into a contract without first inviting written quotes or tenders if Council decides, by resolution, to prepare a quote or tender consideration plan and formally prepares and adopts the plan.

4.10.5 Contractor on an Approved Contractor list – Section 231 of the Regulation

The exception to seek written quotations and tenders from Contractors is available if Council has an Approved Contractor list.

Mareeba Shire Council does not utilise Contractor lists.

4.11 ELECTRONIC TENDERING

Tender submissions are to be made electronically via the Electronic Tender Box (VendorPanel).

4.12 AUSTRALIAN BUSINESS REGISTRATION NUMBER (ABN)

Council will only procure from suppliers who can provide an ABN. The only exception to this will be where a supplier is eligible to complete the Australian Taxation Office Statement by a Supplier form and provides the completed form to Council prior to making the supply or providing the service to Council.

4.13 DISPOSAL OF LAND AND NON-CURRENT ASSETS

As per Section 227 of the Regulation, Council must not enter into a valuable non-current asset contract (disposal of a valuable non-current asset) unless it first invites written tenders for the contract under Section 228 or offers the non-current asset for sale by auction or offers the non-current asset for sale by auction.

Council may dispose of a valuable non-current asset other than by tender or auction in accordance with Section 236 of the Regulation.

4.14 CORPORATE CREDIT CARDS

In some instances, a credit card will be issued for one or a number of specific uses only, in these cases the cardholder must adhere to stringent guidelines. When this occurs, the specific guidelines will be clearly stated and included on the Corporate Credit Card Agreement form assigned to that employee.

Please refer to Council's current *Corporate Credit Card Policy* for further information.

4.15 BUDGETARY PROVISIONS

It is expected that all goods and services acquired are in accordance with the adopted annual budget and/or a Council Resolution, and sufficient funds must be available to meet the full cost of the proposed procurement.

4.16 FINANCIAL DELEGATIONS

The Chief Executive Officer has the delegated authority to expend funds as provided for in the budget, taking into account all other limitations as set out in this policy. The Chief Executive Officer will establish the positions and authorised financial delegation limits assigned to each department.

The positions are authorised to contract on behalf of Council and/or approve purchase orders, for expenditure up to their financial delegation limits. By approving a purchase order, all employees are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

4.17 LIMITATIONS

There are limitations, notwithstanding the financial delegation, in regard to the type of purchases permitted by individuals.

The restricted purchases and approved methods for this procurement is outlined in Council's *Guidelines for Procurement Administration*.

5. REPORTING

Council must comply with reporting requirements set out in both the *Local Government Act 2009* and the *Local Government Regulation 2012*.

6. DEFINITIONS

Contract – means a formal legally binding instrument between Council and a Contractor which details the terms which govern the performance of work

Contractor – means the entity who enters into a formal contract to perform work for Mareeba Shire Council

Electronic Tender Box - Council's chosen online portal for receiving quotes and tender submission is VendorPanel.

Emergent works - late notice of requirements to purchase but still require the full provisions of the purchasing policy. Emergent works that are urgent due to a genuine sudden state or condition considered a risk to public safety, the environment, workplace health and safety or legislative requirements which requires a significant and immediate response.

Large sized contracts - contracts of value above \$200,000 exclusive of GST.

LGA arrangement - one that has been entered into by LGAQ Ltd or an associate entity which LGAQ Ltd is the only shareholder, such as *Local Buy* which is the Local Government Association of Queensland's procurement services company.

Local Supplier is a supplier that:

- a) is beneficially owned by persons who are residents or ratepayers in the Mareeba Shire Council; or
- b) has its principal place of business/registered office within the Mareeba Shire Council; or
- c) otherwise has a place of business within the Mareeba Shire Council which solely or primarily employs persons who are residents or ratepayers of the Shire.

Medium sized contracts - contracts of value between \$15,000 to \$200,000 exclusive of GST.

Non-Local Supplier is a supplier that does not fit the definition of local supplier.

Preferred supplier arrangement (PSA) - An arrangement for the supply of goods or services under agreed pricing conditions for a stated period. A PSA is different from other arrangements as it ranks the suppliers. The first preference has first right of refusal.

Pre-Qualified supplier is a supplier who has been assessed by the local government as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements.

A **quote or tender consideration plan** is a document stating:

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

Register of pre-qualified suppliers (ROPS) - A pre-qualified supplier is a supplier who has been assessed by Council as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements. The ROPS is compiled after a tender process.

Sole Supplier - a supplier of goods or services that no other suppliers can provide or with the constraints of distance it not being viable for other suppliers to compete for the supply of goods or services.

Principal contractor – holds the meaning assigned under section 293 of the WHS Reg.

Site – means a workplace as defined under section 8 of the WHS Act

7. RELATED DOCUMENTS AND REFERENCES

Advertising Spending Policy (MSC)

AS/NZS ISO 31000:2018 Risk Management - Guidelines (Standards Australia)

Council's Standard Terms and Conditions for Goods and Services (MSC)

Council's Standard Terms and Conditions for Professional Services (MSC)

Corporate Credit Card Policy (MSC)

Employee Code of Conduct (MSC)

Entertainment and Hospitality Policy (MSC)

Gifts and Benefits Register (MSC)

Guidelines for Procurement Administration (MSC)

Local Government Act 2009 (Qld)

Local Government Regulation 2012 (Qld)

Non-Current Asset Policy (MSC)

Petty Cash procedure (MSC)

Procedure for Procuring Pre-Qualified Suppliers (MSC)

Work Health and Safety procedure: WP3.6.1 Purchasing and Supplier Control (MSC)

Work Health and Safety procedure: WP3.7.1 Contractor Management Procedure (MSC)

8. REVIEW

It is the responsibility of the Director Corporate & Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed annually or as required by Council.