



2026 - 2027 PROCUREMENT POLICY

1. INTRODUCTION

This document sets out Council's policy for the acquisition of goods and services and carrying the principles of procurement. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

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").

2. POLICY OBJECTIVE

In accordance with Chapter 6 of *the Regulation*, this Policy incorporates relevant requirements under Part 1, Part 3, Part 4 and Part 5 of *the Regulation* regarding the acquisition of goods and services and the carrying out of the Local Government Principles as stated in section 4 of *the Act*.

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

- (a) Promoting value for money with probity and accountability
- (b) Advancing Council's economic, social and environmental policies
- (c) Providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council
- (d) Promoting compliance with relevant legislation
- (e) Transparent and effective processes, and decision-making in the public interest
- (f) Sustainable development and management of assets and infrastructure, and delivery of effective services
- (g) Democratic representation, social inclusion and meaningful community engagement
- (h) Good governance of, and by, local government, and
- (i) Ethical and legal behaviour of councillors and local government employees

3. POLICY SCOPE

This policy applies to all Council Procurement and must be followed by Local Government Employees, elected members of Council and any person who undertakes Procurement on behalf of Council.

4. POLICY STATEMENT

4.1 Sound Contracting Principles

Council will develop systems that allow Council to carry out Procurement in a manner that is consistent with the Sound Contracting Principles. The Sound Contracting principles will be applied when contracting for the supply of goods or services (including the carrying out of works) and the disposal of assets.

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The Sound Contracting Principles are:

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

4.2 Open and effective competition

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

4.3 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. The value for money assessment must include consideration of:

- (a) contribution to the advancement of Council's priorities
- (b) fitness for purpose, quality, services and support
- (c) whole-of-life costs including costs of acquiring, using, maintaining and disposal
- (d) internal administration costs
- (e) technical compliance issues
- (f) risk exposure
- (g) the value of any associated environmental benefits

4.4 The development of competitive local business and industry

Council encourages the development of competitive local businesses within the shire first, the North West Region second, and then within the Northern Queensland.

In accordance with section 104(3)(c) of *the Act*, Council wishes to pursue the principle of the development of competitive local business and industry as part of the process of making its purchasing decisions. For this purpose:-

- (i) Where price, performance, quality, suitability and other evaluation criteria are comparable, the following areas may be considered in evaluating offers:
 - creation of local employment opportunities
 - more readily available servicing support
 - more convenient communications for contract management
 - economic growth within the local area
 - benefit to Council of associated local commercial transaction

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- (ii) Council may accept a tender, quote or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from the non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), so long as the overall differences are not substantial, and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers.

In this policy, a "local supplier" is a supplier which:-

- (i) is beneficially owned by persons who are residents and ratepayers in the local government area of **McKinlay Shire Council**; or
- (ii) has its principle place of business within the local government area of McKinlay Shire Council; or
- (iii) otherwise has a place of business within the local government area of **McKinlay Shire Council** which solely or primarily employs persons who are residents or ratepayers of the local government area.

A "non-local supplier" is a supplier which is not a local supplier.

4.5 Environmental protection

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

- (a) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria
- (b) foster the development of products and processes of low environmental and climatic impact
- (c) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services
- (d) encourage environmentally responsible activities.

4.6 Ethical behaviour and fair dealing

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

4.7 Entering into Contracts

- (a) *The Regulation* prescribes provisions about Procurement for: The carrying out of works; or
- (b) The supply of goods and services; or
- (c) The disposal of non-current assets.

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Council applies Chapter 6 Contracting, Part 3 Default Contracting Procedures (sections 223-238) of *the Regulation* to its Procurement Procedures.

4.8 Contracting value thresholds

The Regulation identifies two thresholds that will determine the procurement process that must be adopted. Those thresholds identify:

- A “medium-sized contractual arrangement” is any contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$21,000 or more but less than \$280,000 in a financial year or over the proposed term of the contractual arrangement.
- A “large-sized contractual arrangement” is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$280,000 or more in a financial year or over the proposed term of the contractual arrangement.

Council will comply with section 224 (4) of *the Regulation* which states that 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 similar type under the arrangement.

4.9 Exceptions for medium-sized and large-sized contractual arrangements

If one of the exceptions applies and that exception is approved by the Chief Executive Officer, Council may enter into:-

- (a) a medium-sized contract without first inviting written quotes; or
- (b) a large-sized contract without first inviting written tenders

for the supply of goods and services.

The exceptions are:-

- a) Council decides by resolution, the preparation of a **quote or tender consideration plan** in accordance with the requirements of section 230 of *the Regulation*; and
- b) entering into a contract if the contract is made with a person who is on an **approved contractor list** established by Council in accordance with the requirements of section 231 of *the Regulation*; and
- c) entering into a contract if the contract is entered into with a supplier from a **register of pre-qualified suppliers** established by Council in accordance with the requirements of section 232 of *the Regulation*; and



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- d) entering into a contract for goods or services if the contract is entered into with a preferred supplier under a **preferred supplier arrangement** that is made in accordance with the requirements of section 233 of *the Regulation*; and
- e) entering into a contract under an **LGA arrangement** established in accordance with the requirements of section 234 of *the Regulation*; and
- f) entering into a medium-sized contract or a large-sized contract in accordance with the requirements of section 235 of *the Regulation* if:-
 - I. Council resolves that it is satisfied that there is only one supplier who is reasonably available; or
 - II. Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
 - III. a genuine emergency exists; or
 - IV. the contract is for the purchase of goods and is made by auction; or
 - V. the contract is for the purchase of second-hand goods; or
 - VI. the contract is made with, or under an arrangement with, a government body.

4.10 Low value contracting

Low value contracting is any “one off” procurement below \$21,000 (excluding GST). Council requires that these Procurements be carried out in accordance with the Sound Contracting Principles and the procurement delegations and procedures in place for the completion of these “one off”, low value and low risk procurements. For purchases under \$5,000 one verbal quotation be obtained and purchases between \$5,000 and \$21,000, two verbal quotations be obtained before the procurement is finalised.

5. POWERS TO DELEGATE

As per sections 257 of *the Act* Council delegates the Chief Executive Officer (CEO) as the authority to incur financial expenditure on behalf of Council under the following provisions:-

- a) Where expenditure has been provided for in Council’s Annual Budget in accordance with the requirements of section 238 (2) of *the Regulation*.
- b) The expenditure action has been taken because of genuine emergency or hardship.

As per section 259 of *the Act* the CEO has delegated these powers onto appropriately qualified Local Government Employees. These delegations are recorded in the Procurement Procedure and the delegations register maintained by the CEO.



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6. UNAUTHORISED SPENDING

As per section 173 of *the Regulation* Council may only spend money in a financial year if it is adopted in the budget for the financial year; or before adopting its budget for the financial year, if it then provides for the spending in the budget for that financial year.

Council may spend money, not authorised in its budget, for genuine emergency or hardship. In this instance Council must make a resolution about spending the money, either before, or as soon as practicable after, the money is spent. The resolution must state how the spending is to be funded. If Council's budget for a financial year is amended after the money is spent, the amendment must take the spending into account.

7. PUBLISHING DETAILS of PARTICULAR CONTRACTS

As soon as practicable after entering a contract worth \$200,000 or more, the relevant details of the contract must be published on Council's website and must be included in the register of contracts over \$200,000 available at Council Administration Building reception.

Relevant details include the person with whom Council has entered the contract, the value of the contract and the purpose of the contract.

8. DEFINITIONS

Contract means a contract (including purchase orders) for:

- (a) The supply of goods or services; or
- (b) The carrying out of work; or
- (c) The disposal of non-current assets.

In this instance, the term does not include a contract of employment between Council and a Local Government Employee.

Sound Contracting Principles means the principles provided as per section 104 of *the Act*.

Local Government Employees means the chief executive officer or an employee of McKinlay Shire Council holding an appointment under the adopted organisational structure who undertakes Procurements. Local Government Employees do not include a person engaged on a contract for service for a defined time or designated project.



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9. REVIEW

As per section 198 of *the Regulation* Council must prepare and adopt a procurement policy and review its policy annually. It is the responsibility of the Director of Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes.

10. RELEATED POLICIES, PLANS AND LEGISLATION

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Statutory Bodies Financial Arrangements Act 1982 (Qld)*
- Council's current Corporate Plan
- Council's current Operational Plan
- Council's current delegations
- Council's Code of Conduct

11. REVISION HISTORY

<i>Version</i>	<i>Title</i>	<i>Decision Date</i>
3.3	Procurement Policy	April 2013
3.4	Procurement Policy	15 July 2014
3.5	Procurement Policy	15 September 2015
1	Procurement Policy	22 July 2016
1	2017/18 Procurement Policy	27 June 2017
1	2018/19 Procurement Policy	29 June 2018
1	2019/20 Procurement Policy	9 August 2019
1	2020/21 Procurement Policy	21 July 2020
1	2021/22 Procurement Policy	20 July 2021
1	2022/23 Procurement Policy	19 July 2022
1	2023/24 Procurement Policy	18 July 2023
1	2024/25 Procurement Policy	16 July 2024
1	2025/26 Procurement Policy	15 July 2025

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