



Procurement Policy

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Contact Officer	Director Corporate Services

PURPOSE

To satisfy Diamantina Shire Council's ("Council") statutory obligations under Section 198 of the *Local Government Regulation 2012* and to establish Council's intent with respect to Procurement. This document sets out Council's policy for the Procurement of goods and services, construction, and service contracts.

POLICY OBJECTIVES

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

- a) promoting value for money with probity and accountability; and
- b) advancing Council's economic, social, and environmental policies; and
- c) providing reasonable opportunity for competitive local business that comply with relevant legislation to supply to Council; and
- d) promoting compliance with relevant legislation; and
- e) promoting responsible use of public funds.

In accordance with Section 198 of the *Local Government Regulation 2012*, this policy incorporates relevant requirements regarding the procurement of goods and services and the carrying out of the sound contracting principles as stated in Section 104 of the *Local Government Act 2009* ("Act").

COMMENCEMENT OF POLICY

This policy will commence on adoption. It replaces other specific Procurement of Goods and Services policies of Council (whether written or not).

SCOPE

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

HUMAN RIGHTS COMMITMENT

Council has considered the human rights protected under the *Human Rights Act 2019* (Qld) (the Act) when adopting and/or amending this policy. When applying this policy, Council will act and make decision in a way that is compatible with human rights and give proper consideration to a human right relevant to the decision in accordance with the Act.

CONTEXT

The policy is designed to assist Council and its officers to ensure the procurement of goods and services, construction, and service contracts meet compliance requirements.

POLICY STATEMENT

Council is committed to ensure all procurement activities undertaken by Council or on Council's behalf are completed with the highest levels of integrity, transparency and accountability. Council officers must have regard to the following sound contracting principles in all procurement activities of Council which are activities that are, or relate to, both direct purchasing (for example, via corporate credit cards) and the making of contracts for the carrying out of work, or the supply of goods and/or services as defined in the legislation.

SPECIFIC AND STANDARD

SOUND CONTRACTING PRINCIPLES

Integrated with Council's broader system of sustainable financial management, all procurement activities shall be carried out in a manner which ensures regard for the Sound Contracting Principles when entering into a contract for either the supply of goods and/or services.

The Sound Contracting Principles are:

Value for Money

Council must harness the 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; and whole-of-life costs including costs of acquiring, using, maintaining, and disposal;
- c) internal administration costs;
- d) technical compliance issues;
- e) risk exposure;
- f) the value of any associated environmental benefits; and
- g) advantages of local knowledge, networks and relationships, availability and access to other sales and support.

Open and Effective Competition

All procurement activities are to be undertaken with the appropriate rigor and documentation to encourage and support supplier confidence through:

- a) Transparency of process and decision making in all procurement activities;
- b) Maintaining confidentiality of offers, security of information and commercial-in-confidence material; and
- c) Maintaining good quality documentation of all requests for quotes and tenders and evaluation of offers and recommendations.

The Development of Competitive local Business and Industry

- a) Council encourages the development of competitive local businesses within its Local Government area.
- b) In accordance with Section 104(3)(c) of the Act, Council wishes to pursue the principle of development of competitive local business and industry as part of the process of making its purchasing decision.

Environmental Protection

Consideration must be given to support and promote sustainable outcomes through ensuring the necessary balance between environmental, economic and social aspects to maintain a high-quality environment as a source of competitive advantage such as:

- a) Promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- b) Prevention or minimisation of waste;
- c) Use of recycled products and recycling facilities;
- d) Conservation of energy in buildings and use of equipment;
- e) Control order quantities to avoid stock build up, minimise storage requirements and reduce possible obsolescence;
- f) Where possible specification of environmentally friendly products in invitation to offer documents; and
- g) Use of environmentally friendly products in the management of parks / recreational grounds and for weed control on roads and kerb sides.

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.

SPECIFIC AND STANDARD

Administration

Purchase orders are to be generated for all purchases of goods and services prior to procurement other than:

- a) Petty cash and corporate card transactions; or
- b) Long term supply contracts (Ergon, Telstra, Freight, Legal service retainers etc); or

- c) Direct payments and fees (bank charges etc); or
- d) Other purchases where a director or the CEO has determined that a genuine emergency has occurred.

Goods and Services Tax

All values quoted in this policy are exclusive of GST.

Optimisation of Value in Procurement

In order to optimise value in procurement, where applicable, council will establish multi-year, annualised or bi-annual purchasing arrangements. This is generally to occur where multiple similar purchases are likely to be required and the total value of goods will exceed \$50,000 over a two-year period.

Council will utilise online platforms such as Vendor Panel to coordinate requests for quotations with vendors as its preferred method of engagement.

Purchasing Arrangements

The value of the purchase or the value of the contract over the full contract period (including options to extend) is to meet the requirements of both medium and large size contractual arrangements, as relevant, as defined in the *Local Government Regulation 2012* as amended.

Acceptance of Quotations

There is no requirement to accept the lowest quotation, however where a staff member chooses a quotation other than the lowest quotation, they must provide a brief written justification which must be kept with the requisition and purchase order.

Exceptions and LGA Arrangements

In accordance with the requirements of the *Local Government Regulation 2012*, a range of LGA arrangements have been put in place by Local Buy. When assessing the most effective method of obtaining goods and services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations independently, and the reduction of these costs which can be achieved by use of Local Buy arrangements.

Local Buy is Councils preferred purchasing arrangement, where it is demonstrated that it provides best value.

Council will employ various methods to ensure the principles under the policy are achieved including panels of preferred suppliers, expressions of interest, tenders, approved contractors and prequalified suppliers.

Other Exceptions

Section 235 *Local Government Regulations 2012* entering into a medium-sized contract or large-sized contract if:

- a) Council resolves that it is satisfied that there is only one supplier who is reasonably available; or

- b) Council resolves that because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous to invite quotes or tenders; or
- c) A genuine emergency exists; or
- d) The contract is for purchase of goods and made by auction; or
- e) The contract is for the purchase of second-hand goods; or
- f) The contract is made with, or under an arrangement with, a government agency.

In the event that a Local Buy Arrangement is used, the Local Buy contract number must be stated on the order requisition for entering into Council's purchase order.

Delegated Authority

Financial and operational delegation limits will be in accordance with the delegation registers (Council to CEO and CEO to Staff). By signing a requisition all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

All staff with requisitioning permissions are only authorised to requisition goods and services (up to their financial limit) against jobs over which they have clear operational authority and budget responsibility.

The CEO may authorise administration staff to sign purchase orders where the requisition was signed by a staff member with the required delegation permissions.

Any order that will result in a budget being exceeded will need to be approved by the CEO.

Supporting Local Business and Industry

Council encourages Shire based suppliers of goods and services to establish, maintain and expand employment opportunities, creating new skills for Shire residents and generating economic growth in servicing the Council's requirements.

A price preference will apply to all quotations invited by the Council for the supply of goods and services by local businesses, unless Council resolves that this policy does not apply to a particular quotation.

Council will include (when comparing local to external quotes):

- a) A deduction of 30% from the quoted or offered price for goods and services with a net price in the range between \$2,000 but less than \$5,000;
- b) A deduction of 10% from the quoted or offered price for goods and services with a net price in the range between \$5,000 but less than \$15,000;
- c) A deduction of 5% from the quoted or offered price for goods and services with a net price in the range between \$15,000 but less than \$200,000.
- d) No deduction is applicable for goods and services that are issued by public tender. (large-size arrangement).

The following table defines the requirements for tenders and quotations unless exemptions in accordance with the Local Government Regulation apply. E.g. Local Buy.

Table 1: Purchasing Thresholds

Amount of Purchase GST Exclusive	POLICY	Local Business Support s3.2.8
Less than \$2000*	<ul style="list-style-type: none"> For purchases under the value of \$2,000 the advertised price or price listed is considered acceptable. Where the officer believes (or reasonably should believe) that the quote does not represent a fair price, additional quotes should be sought. 	30%
\$2,000 but less than \$5,000	<ul style="list-style-type: none"> Purchases between \$2,000 but less than \$5,000 require two (or more) quotes written or email. Copies of the quotes and/or request for quotes must be attached to Council's copy of the purchase order. 	30%
\$5,000 but less than \$15,000	<ul style="list-style-type: none"> Purchases between \$5,000 but less than \$15,000 require two (or more) quotes written or email. Copies of the quotes and/or request for quotes must be attached to Council's copy of the purchase order. 	10%
\$15,000 but less than \$200,000	<ul style="list-style-type: none"> Council cannot enter into a medium-sized contract unless Council first invites written quotes for the contract. (Refer to "Exceptions" and "LGA Arrangements") 3.2.6. The invitation must be to at least three suppliers who Council considers can meet Council's requirements at competitive prices. Copies of the quotes and/or the requests for quotes must be attached to Council's copy of the purchase order. If an exception and Local Buy is used the Local Buy contract number must be quoted on the purchase order. Council may decide not to accept any quotes it receives. If Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the '<i>Sound Contracting Principles</i>' identified in Section 104 of the Local Government Act 2009. This requirement is subject to the exceptions identified in paragraphs "Exceptions" and "LGA Arrangements"3.2.6 	5%
\$200,000 and above	<ul style="list-style-type: none"> Council cannot enter into a large-sized contract unless Council first invites written tenders for the contract in accordance with the requirements of section 228 of the <i>Local Government Regulation 2012</i>. (Refer to 'Exceptions' and "LGA Arrangements"3.2.6 Council must either invite written tenders under section 228(4) or invite expressions of interest under section 228(5) before considering whether to invite written tenders under section 228(6)(b). This requirement is subject to the "Exceptions" and "LGA Arrangements"3.2.6 	0%

DEFINITIONS

To assist in interpretation, the following definitions shall apply:

Term	Definition
Council	Means Diamantina Shire Council
Act	Means <i>Local Government Act 2009</i>
Regulation	Means <i>Local Government Regulation 2012</i>
Local Business	A business (including depots, agencies, and branch offices based and operating within the Shire of Diamantina.
Net Price	A price not including GST
Medium-Size Contractual Arrangement	As defined in the <i>Local Government Regulation 2012</i> as amended.
Large Size Contractual Arrangement	As defined in the <i>Local Government Regulation 2012</i> as amended.

SUPPORTING DOCUMENTATION

Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i> • <i>Human Rights 2019</i>
Council Policies	<ul style="list-style-type: none"> • N/A
Council Delegations	<ul style="list-style-type: none"> • Financial Delegations as delegated by the CEO
Council Forms	<ul style="list-style-type: none"> • N/A
Supporting Documents	<ul style="list-style-type: none"> • Corporate Plan 2022 - 2027

VERSION CONTROL

Version	Adopted	Comment	eDRMS #
Original	October 20 2014	Minute No. 2014.10.20-OM-15	
2	October 10 2016	Minute No. 2016.10.10-OM-16	
3	April 20 2020	Minute No. 2020.04.20-OM-6	
4	June 06 2021	Minute No. 2021.06.21-OM-21	
5	April 14 2025	Resolution # CNL/25/071	324536