

Policy Type	Statutory
Function	Financial Management
Policy Owner	Manager Financial and Administrative Services
Policy Contact	Manager Financial and Administrative Services
Effective Date	1 July 2025

Purpose

The purpose of this policy is to regulate and guide all Council procurement and contracting activities to be carried out in compliance with the *Local Government Act 2009* (the “Act”) and the *Local Government Regulation 2012* (the “Regulation”).

Scope

This policy applies when entering into contracts for the carrying out of work by others; or, the supply of goods or services; or, the disposal of non-current assets but not the making of a contract of employment.

Objectives

The objectives of this policy are to achieve advantageous procurement outcomes by:

- promoting value for money with probity and accountability; and
- advancing Council’s economic, social and environmental policies; and
- providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- promoting compliance with relevant legislation.

Guidelines

This policy is to be read in conjunction with the Procurement Guidelines. Councillors and Council officers must comply with the Procurement Guidelines in all purchasing and disposal activities.

Principles

Councillors and Council officers must have regard to the following **sound contracting principles** in all purchasing and disposal activities in accordance with the Act Section 104.

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:

- contribution to the advancement of Council’s priorities; and
- fitness for purpose, quality, services and support; and
- whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
- internal administration costs; and
- technical compliance issues; and
- risk exposure; and

the value of any associated environmental benefits.

Open and effective competition

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

The development of competitive local business and industry

Council encourages the development of competitive local businesses within its local government area.

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.

Environmental protection

Council promotes environmental protection through its procurement procedures and will:

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

Ethical behaviour and fair dealing

Councillors and Council officers involved in contracting activities for purchasing and disposal are to behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers or purchasers and their representatives. Councillors and Council officers shall identify and manage conflicts of interest in accordance with the Procurement Guidelines.

Policy Statement

Responsibility of Councillors and Council officers

Councillors and Council officers shall comply with Procurement Guidelines when planning purchasing and disposal activities, and in particular in the development of evaluation criteria, specifications and terms and conditions. It is the responsibility of Councillors and Council officers involved in the procurement and contracting process to understand the meaning and intent of this policy and the Procurement Guidelines.

Substantial or repeated non-compliance with this policy or the Procurement Guidelines by Council officers will be subject to disciplinary procedures as stated in the Enterprise Bargaining Agreement or in the case of Contract employees as per the Contract of Employment and Councillors will be subject to the Code of Conduct for Councillors.

Contractual Arrangement Under \$15,000

For purchases **under \$50, excluding GST**, for day-to-day minor expenses, payment may be made out of petty cash or by purchase card except where defined otherwise by the policy.

For purchases **over \$50 and under \$2,000, excluding GST**, at least one verbal quotation is required and may be made by purchase card subject to procedural limitations.

For purchases from **\$2,000 to under \$5,000, excluding GST**, a minimum of two verbal quotations are required and details notated on the purchase order in the financial system.

For purchases from **\$5,000 to under \$15,000, excluding GST**, a minimum of two written quotations are required and details attached to the purchase order in the financial system.

These requirements are subject to the exceptions paragraph in this policy.

Purchases shall be made by purchase orders except where defined otherwise in this policy.

Medium-Sized Contractual Arrangement – Quotes Needed First

These arrangements are for purchases from a supplier that it is expected to be worth **over \$15,000 but less than \$200,000 excluding GST**.

The **expected value** of a contractual arrangement with a supplier for a financial year is the total expected value of all of the Council's contracts, in the financial year, with the supplier for goods and services of a similar type.

These purchases are governed by the Regulation Sections 224, 225 and Division 3 of Chapter 6 Contracting.

Generally, the following applies:

- Council cannot enter into a medium-sized contract unless Council first invites written quotes for the contract.
- The invitation must be to at least three persons who Council considers can meet Council's requirements, at competitive prices. Council may decide not to accept any of the quotes it receives.
- However, if Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the sound contracting principles.

These requirements are subject to the exceptions paragraph in this policy.

Records of quotes must be attached to the Purchase Order in the financial system.

Purchases shall be made by purchase orders except where defined otherwise in this policy.

Large-sized Contractual Arrangements – Tenders Needed First

These arrangements are for purchases from a supplier that it is expected to be worth \$200,000 or more excluding GST.

The **expected value** of a contractual arrangement with a supplier for a financial year is the total expected value of all of the Council's contracts, in the financial year, with the supplier for goods and services of a similar type.

These purchases are governed by the Regulation Sections 224, 226, 228 and Division 3 of Chapter 6 Contracting.

Generally, the following applies:

- Council must either invite written tenders under the Regulation Sections 226 and 228 or invite expressions of interest decided by Council resolution under Section 228(3) before considering whether to invite written tenders under Section 228(7)(b).

The invitation for tenders or expressions of interest must:

- be published on the Council's website for at least 21 days; and
- be made by an advertisement in a newspaper that circulates generally in the local government area of Council; and
- allow written tenders or expressions of interest to be given to Council while the invitation is published on the website.

These requirements are subject to the exceptions paragraph in this policy. Records of tenders must be kept on file in the ECM Records system.

Purchases shall be made by purchase orders or certified progress certificates whichever is more efficient and effective relevant to the contract arrangement details such as contract term.

Exceptions

The Regulation Chapter 6 Contracting, Part 3 Default contracting procedures at Division 3 (Sections 229-235) identifies exceptions for medium-sized and large-sized contracts. If one of the exceptions applies, Council may enter into:

- a medium-sized contract without first inviting written quotes; or
- a large-sized contract without first inviting written tenders.

The exceptions are summarized as follows:

- Section 230 – If quote or tender consideration plan prepared
- Section 231 – For contractor on approved contractor list
- Section 232 – Register of pre-qualified suppliers
- Section 233 – For a preferred supplier arrangement
- Section 234 – For LGA arrangement*
- Section 235 – Other exceptions
 - resolution on sole supplier
 - specialised or confidential nature of services
 - genuine emergency exists
 - purchase of goods at auction
 - purchase of second-hand goods
 - an arrangement with a government agency.

* A range of **LGA arrangements** are put in place by LGAQ Ltd and Local Buy.

When assessing the most effective and advantageous method of obtaining goods and/or services, Councillors and 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 LGAQ Ltd and Local Buy arrangements.

Valuable Non-Current Asset Contract – Tenders or Auction Needed

A valuable non-current asset contract is a contract for the **disposal of a 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 224 (8) are:

- for plant or equipment - \$5,000; and
- for another type of non-current asset - \$10,000

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 the Regulation Section 228; or
- offers the non-current asset for sale by auction.

This requirement is subject to the Regulation Section 236 Exceptions for valuable non-current asset contracts.

Disposal of a less than valuable Council asset or goods is to be authorised by the appropriate Director.

The method used for the disposal of less than valuable non-current assets is to maximise the return to Council. The accepted means of disposal under this category may include, but 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.

Please refer to the Asset Disposal Policy located on Council's intranet for more guidance.

Publishing Details of Particular Contracts

The Regulation Section 237 requires that, Council must as soon as practicable after entering a contract worth \$200,000 or more exclusive of GST:

- publish the relevant details of the contract on the Council's website; and
- display the relevant details of the contract in a conspicuous place in the Council's public office for a period of at least 12 months.

Relevant details of a contract means:

- the person with whom the Council has entered into the contract;
- the value of the contract;
- the purpose of the contract.

Delegations

The Council delegates to the **Chief Executive Officer** (CEO), in accordance with the Act Section 257 Delegation of Local Government Powers and the Regulation Section 238 Entering into a contract under delegation, the power to make, amend or discharge a contract for the Council as follows and the CEO may delegate this power under the Act Section 259:

1. The delegate may make, amend or discharge a contract (the *contractual action*) for the local government if:
 - the local government's expenditure, because of the contractual action, has been provided for in the approved annual budget for:
 - the financial year when the contractual action is taken; or
 - the financial year in which the delegation is made, if the expenditure is within the limits stated in the resolution making the delegation; or
 - the contractual action has been taken because of genuine emergency or hardship.
2. The delegate may take the contractual action in the same way as an individual.

3. This section does not affect another law that requires:
 - an approval, consent or permission to be obtained; or
 - a procedure to be complied with for taking the contractual action.

Only Council officers listed in the **Financial Delegations Register** are entitled to authorise purchase orders, and then only in accordance with their financial delegation limits. By authorising a purchase order, all officers are confirming that they have taken full notice and will comply with all of the requirements of this policy.

Specialty Purchasing

Certain goods and services shall be purchased by officers with experience and expertise in that particular area. The use and type of certain goods and services may be subject to legislation and/or codes of practice or other external influences that have a bearing on the type of goods or services purchased.

There is a benefit to Council and its employees in having those officers responsible for sourcing and purchasing such goods and services.

The **Specialty Purchasing Register** lists the type of goods and services and the associated officers responsible for purchasing same.

Goods or Services Exempt from Issue of Purchase Order

Certain goods and services by their nature do not require a purchase order to be prepared to effect their payment. These goods and services require the preparation of a voucher only authorised by the appropriate officer with sufficient financial delegation to authorise payment.

There is an efficiency benefit to Council and its employees in following this course of action. The **Register of Goods and Services Exempt from Issue of Purchase Orders** identifies the type of goods and services pertaining to this section.

Effective and Efficient Purchasing Processes

Councillors and Council officers will undertake purchasing activities in the most effective and efficient manner to minimise administrative costs associated with purchasing by:

- seeking opportunities to streamline purchasing processes;
- utilising technological advancements and electronic commerce applications, supported by appropriate controls aimed at reducing the administrative costs associated with purchasing;
- adopting a clear and consistent approach to its purchasing activities including the use of standard documents and contracts;
- seeking continuous improvement of purchasing practices by maintaining a program of training and professional development for staff.

Work Health and Safety

The Burdekin Shire Council is committed to ensuring that all procurement activities are conducted in a safe and healthy manner, adhering to relevant legislation and standards. Procuring staff will identify and assess WHS hazards related to goods and services being acquired and implement appropriate risk management measures. Contracts with suppliers of goods or services to council will include WHS clauses.

Legislation

Local Government Act 2009

Local Government Regulation 2012

Definitions and Abbreviations

Contract	is an agreement between two or more parties, especially one that is written and enforceable by law e.g. petty cash receipt, purchase card receipt, purchase order, formal contract document.
Contracting activities	are activities for the making of a contract for: <ul style="list-style-type: none"> the carrying out of work; or the supply of goods or services; or the disposal of non-current assets but not for a contract of employment with a local government employee.
Expected value	of a contractual arrangement with a supplier for a financial year is the total expected value of all the Council's contracts in the financial year with the supplier for goods and services of a similar type.
Medium-sized contractual arrangement	is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000 in a financial year.
Large-sized contractual arrangement	is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year.

Related Documents

Document Title	
EXP-OSD-0002	Procurement Operational Standard
ECM 1068863	Code of Conduct for Workers
Code of Conduct for Councillors in Queensland	Code of Conduct for Councillors

Document History and Version Control

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