

Procurement Policy

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1. BACKGROUND

- 1.1 Section 198 of the *Local Government Regulation 2012 (Qld)* requires that:
- (a) A local government must prepare and adopt a policy about procurement (a *procurement policy*).
 - (b) The procurement policy must include details of the principles, including the sound contracting principles, that the local government will apply in the financial year for purchasing goods and services.
 - (c) A local government must review its procurement policy annually.

2. PURPOSE

- 2.1 The procurement of all Goods and Services and Disposal of Valuable Non-Current Assets by Council must be carried out in accordance with the LG Act, the LG Regulation and this Policy. Council operates under the Default Contracting Procedures.
- 2.2 This document sets out Council's policy for the purchase of Goods and Services and application of the Sound Contracting Principles.

3. SCOPE

- 3.1 This Policy applies to the purchase of all Goods and Services by all Personnel for and on behalf of Council.

4. RELEVANT LEGISLATION AND COUNCIL POLICIES/PROCEDURES/GUIDELINES

- 4.1 The following legislation and Council policies, procedures and guidelines relate to this Policy:
- (a) Local Government Act 2009 (Qld)
 - (b) Local Government Regulation 2012 (Qld)
 - (c) Public Sector Ethics Act 1994 (Qld)
 - (d) Work Health and Safety Act 2011 (Qld)
 - (e) Supplier Code of Conduct
 - (f) Staff Code of Conduct
 - (g) Councillor Code of Conduct

5. DEFINITIONS

- 5.1 In this Policy:

Reference	Definition
Contractual Arrangement	means an arrangement between the local government and a supplier comprised of: (a) a contract for the supply of Goods and Services; or (b) if the local government and a supplier enter into more than 1 contract for the supply of Goods and Services of the same, or a similar, type - each of the contracts.
Council	means Mornington Shire Council.

Reference	Definition
Default Contracting Procedures	means the default contracting procedures set out in Chapter 6, Part 3 of the LG Regulation.
Disposal	of a Valuable Non-Current Asset, includes the disposal of all of, or an interest in, the asset (for example, the grant of a lease over land or a building).
Ethics Principles	means the core principles set out in Part 2, Section 4 of the Public Sector Ethics Act 1994 (Qld).
Genuine Emergency	means, in the context of an exemption from tender/ quotation requirements for Medium-sized Contractual Arrangements or Large-sized Contractual Arrangements, circumstances where a genuine emergency exists requiring the procurement of urgent Goods and Services. Examples of a Genuine Emergency include procurement to mitigate a threat of imminent harm to persons and/or property. For the avoidance of doubt, Genuine Emergency does not include circumstances caused by avoidable delay and lack of due diligence and planning, resulting in urgency (ie failing to call for tenders/ quotation earlier).
Goods and Services	means all goods, services and/or works of whatever nature (ie. mechanical, construction, legal, accounting etc).
Government Agency	means, (a) the State, a government entity, a corporatised business entity or another local government; or (b) another Australian government or an entity of another Australian government, or (c) a local government of another State.
Large-sized Contractual Arrangement	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 - \$292,000; 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 LG Regulation (as published by the Queensland State Government on its website).
LG Act	means the Local Government Act 2009 (Qld).
Regulation	means the Local Government Regulation 2012 (Qld).
Local Government Area	means the Mornington Shire Council local government area as defined in the LG Act and LG Regulation.
Local Government Principles	means the core principles set out in Chapter 1, section 4 of the LG Act.
Local Supplier	means a supplier which: (a) is beneficially owned by persons who are residents on Mornington Island; or (b) has its Principal Place of Business within the Local Government Areas (LGAs) of Mornington Island, Cairns, Cloncurry, the Cape York region and Carpentaria region.

Reference	Definition
Medium-sized Contractual Arrangement	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 - \$21,900; 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 LG Regulation (as published by the Queensland State Government on its website).
Non-Local Supplier	means a supplier who does not meet the Local Supplier criteria as defined in this Policy.
Personnel	means collectively elected members, employees, agents and contractors of Council.
Policy	means this procurement policy.
Principal Place of Business	means the business address where the majority of business (50% or more) is undertaken.
Purchase Order	means the official/ formal Council order issued to the supplier of Goods and Services.
Sound Contracting Principles	as defined in paragraph 6 of this Policy and section 104(3) of the LG 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	(as per section 223D of the LG Regulation): (a) Land; or (b) Another non-current asset that has an apparent value that is equal to or more than the limit set by Council, which cannot be more than that set at section 223D(3) of the LG Regulation. At the time of approval of this Policy, those maximum limits were: (i) for plant or equipment - \$7,300 ex GST; and (ii) for another type of non-current asset - \$14,600 ex GST.

6. SOUND CONTRACTING PRINCIPLES

6.1 Council's procurement activities aim to achieve legal and ethical outcomes by ensuring that all Personnel have regard to the Sound Contracting Principles in the procurement of all Goods and Services by Council.

6.2 Personnel should take the following into account when applying the Sound Contracting Principles:

(a) Value for money

Council intends to harness its procurement power to achieve the best value for money. The concept of value for money is not restricted to price alone. When assessing value for money, Council may consider:

- (i) fitness for purpose, quality, services and support; and
- (ii) whole-of-life costs including costs of acquiring, using, maintaining and disposal; and

- (iii) internal administration costs; and
- (iv) technical compliance issues; and
- (v) risk exposure; and
- (vi) the value of any benefits to the local economy; and
- (vii) value for money through arrangements with Local Suppliers.

(b) Open and effective competition

Council seeks open and effective competition in the provision of Goods and Services in the Local Government Area. Personnel are to exhibit fair and equitable treatment when dealing with perspective suppliers.

(c) The development of competitive local business and industry

Council seeks to proactively encourage competitive local business and industry. When undertaking procurement activities Council may:

- (i) accept a tender 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 overall as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), so long as the differences are not material, and so long as it is clear that the selected Local Supplier meets Council's requirements at an acceptably high standard which is generally comparable to that of other offers.
- (ii) But for price, assessment of materiality of the difference between Local Suppliers and Non-local Suppliers shall be subjective with respect to cumulative selection criteria responses. With respect to pricing however, the materiality threshold shall be >10% (ie. if a Local Supplier price is more than 10% over the Non-Local Supplier price, these will not be considered comparable offers, with reference only to the pricing criteria).

(d) Environmental protection

Consideration should 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:

- (i) Prevention or minimisation of waste;
- (ii) Use of recycled products and recycling facilities;
- (iii) Conservation of energy in buildings and use of equipment;
- (iv) Control of order of quantities to avoid stock build-up, minimise storage requirements and reduce possible obsolescence;
- (v) Where possible, specification of environmentally friendly products in invitation to offer documents; and
- (vi) Use of environmentally friendly products in the management of parks/recreational grounds and for weed control on roads and kerbsides.

(e) Ethical behaviour and fair dealing

Personnel involved in procurement activities are to behave with impartiality, fairness, independence, openness, integrity and professionalism, maintaining transparency and accountability in their discussions and negotiations with suppliers and their representatives consistent with the Local Government Principles and Ethics Principles.

All Personnel must:

- (i) Perform the procurement task honestly and without favour or prejudice;
- (ii) Spend Council funds efficiently and effectively and in accordance with the law and Council policy;
- (iii) Deal fairly, impartially and consistently with existing and prospective suppliers;
- (iv) Keep confidential all sensitive information obtained as part of the procurement activity;
- (v) Not have an actual conflict of interest in relation to the procurement activity; and
- (vi) Not seek or accept any remuneration, gift or advantage.

7. ADDITIONAL CONSIDERATIONS

7.1 In addition to the Sound Contracting Principles, consideration must be given to:

- (a) selecting suppliers on the basis they can meet the requirements of the Work Health and Safety Act 2011 (Qld) and associated legislation and Codes of Practice;
- (b) identification, verification and communication of supplier duties in accordance with Council policies and procedures; and
- (c) monitoring supplier performance, including the review of Workplace Health and Safety performance.

8. PROCUREMENT PROCEDURES

- 8.1 Subject to any exceptions set out in this Policy, all Personnel must comply with the Default Contracting Procedures and any additional requirements set out in this Policy when undertaking procurement activities on behalf of Council.
- 8.2 The value of a Contractual Arrangement is what it is expected to cost Council, exclusive of GST, over its Term (which includes, for the avoidance of doubt, any extension options and any other contracts with the same supplier for the supply of Goods and Services of the same, or a similar, type).
- 8.3 The relevant procedures to be followed by all Personnel when undertaking procurement activities on behalf of Council are:

Value (GST Excl)	Procedure
Less than \$5,000	At least one written quote must be obtained. A copy of the quote must be attached to the Council's copy of the Purchase Order.
\$5,000 - \$21,900	At least two (2) written quotes must be sourced. Copy of the successful quote must be attached to the Council's copy of the Purchase Order.
\$21,900 - \$292,000 (Medium-sized Contractual Arrangement)	Council cannot enter into a Medium-sized Contractual Arrangement unless it first invites written quotes for the contract. - The invitation must be to at least three (3) suppliers who Council considers can meet its requirements at competitive prices. - 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 Sound Contracting Principles.

\$292,000 and above (Large-sized Contractual Arrangement)	Council cannot enter into a Large-sized Contract Arrangement unless Council first invites written tenders for the contract in accordance with the requirements of section 228 of the LG Regulation.
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8.4 Invitation for tenders (or expressions of interest) must:

- (a) be published on the local government's website for at least 21 days;
- (b) allow written tenders (or expressions of interest) to be given to the local government while the invitation is published on the website; and
- (c) the local government must also take all reasonable steps to publish the invitation for tenders or invitation for expressions of interest in another way to notify the public about the tender process (eg publishing an invitation in an industry publication or on a tender's website).

9. FINANCIAL DELEGATIONS

The following table outlines the financial delegation limits for various roles within Mornington Shire Council. These limits apply to the approval of expenditure, contracts, and other financial commitments.

Position	Limit
Chief Executive Officer	\$291,999
Director of Finance & Commercial Services	\$100,000
Director of Engineering & Infrastructure	\$50,000
Director of Housing & Facilities	\$50,000
Director of Corporate & Communications	\$50,000
Director of Hospitality & Accommodation	\$50,000
Director of Human Resources	\$50,000
Warehouse Manager	\$30,000
Financial Services Coordinator	\$30,000
Financial Accountant	\$30,000
Manager Workshop & Fleet	\$21,900
Manager Engineering Projects	\$21,900
Manager Bakery	\$21,900
Manager Building & Plumbing Services	\$21,900
Manager Community	\$21,900
Manager Laundry	\$21,900
Manager Operations-Hospitality & Accommodation	\$21,900
Building Supervisor	\$21,900
Project Coordinator	\$21,900
Executive Assistant	\$5,000

10. EXCEPTIONS

10.1 For all Contractual Arrangements of any value, Personnel are exempted from compliance with the Default Contracting Procedures if one of the following exceptions is applicable to the proposed supplier of Goods and Services, namely that the supplier is on:

- (a) an approved contractor list (s.231 of the LG Regulation); or
- (b) a register of pre-qualified suppliers (s.232 of the LG Regulation); or
- (c) a preferred supplier arrangement (s.233 of the LG Regulation); or
- (d) a local government arrangement (s.234 of the LG Regulation ie Local Buy).

- 10.2 In addition to those exceptions in clause 9.1, for all Medium-sized Contractual Arrangements and Large-sized Contractual Arrangements, Personnel are exempted from compliance with the Default Contracting Procedures if one of the following additional exceptions is applicable to the proposed supplier, namely:
- (a) Council resolves to prepare and adopt a quote or tender consideration plan and the procurement is consistent thereto (s.230 of the LG Regulation); or
 - (b) Council resolves that there is only 1 supplier who is reasonably available to supply the Goods and Services required (s.235(a) of the LG Regulation); or
 - (c) 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 (s.235(b) of the LG Regulation); or
 - (d) a Genuine Emergency exists (s.235(c) of the LG Regulation); or
 - (e) the contract is for the purchase of goods and is made by auction (s.235(d) of the LG Regulation); or
 - (f) the contract is for the purchase of second-hand goods (s.235(e) of the LG Regulation); or
 - (g) the contract is made with, or under an arrangement with, a Government Agency (s.235(f) of the LG Regulation).

11. VALUABLE NON-CURRENT ASSETS

- 11.1 Subject to the exceptions in paragraphs 11 and 12 of this Policy, Council cannot enter into a Valuable Non-Current Asset contract unless it first:
- (a) invites written tenders for the contract; or
 - (b) offers the Valuable Non-current Asset for sale by auction.
- 11.2 Notwithstanding the limits set out the table below, all Valuable Non-current Assets that have been identified as being obsolete or surplus to Council requirements, but with a written down value less than the set limits in the table below, are to be offered for sale by inviting written quotations only:

Asset Class	Council Limit (ex GST)
Road Infrastructure	\$14,600
Water Infrastructure	\$14,600
Sewage Infrastructure	\$14,600
Buildings	\$14,600
Other Structures	\$14,600
Plant and Equipment	\$7,300
Land	\$1

12. EXCEPTIONS FOR VALUABLE NON-CURRENT ASSET CONTRACTS (EXCLUDING LAND/ INTERESTS IN LAND)

- 12.1 Council may Dispose of a Valuable Non-current Asset, other than by tender or auction, as set out in section 236 of the LG Regulation including if:
- (a) the Valuable Non-current Asset was previously offered for sale by tender or auction but was not sold and is sold for more than the highest tender or auction bid that was received; or

- (b) the Valuable Non-current Asset is disposed of to a Government Agency or a community organisation; or
- (c) Council Disposes of the Valuable Non-current Asset, other than land, by way of a trade-in for the supply of Goods and Services to Council, and the Disposal is part of the contract for the supply.

13. EXCEPTIONS FOR VALUABLE NON-CURRENT ASSET CONTRACTS (LAND/ INTERESTS IN LAND)

- 13.1 Any Disposal of land or an interest in land must occur strictly in accordance with section 236 of the LG Regulation.

14. VARIATIONS

- 14.1 Each variation to an original Contractual Arrangement can only be approved by Personnel if:
- (a) the variation is appropriate and necessary and outside the scope of the original contract; and
 - (b) all variations are approved in writing in accordance with any contractual documentation; and
 - (c) each variation is included as an additional line item on the original Purchase Order stating the scope and cost, or a new Purchase Order is commenced to reflect the variation; and
 - (d) variations to the original contract amount are within budget and the financial delegation of Personnel approving the variation; and
 - (e) should the cumulative value of the variations on the contract exceed the highest financial delegation of any Personnel (including the CEO - \$291,999), then any further variation must be approved only by Council by resolution, or a new procurement process is commenced to meet the Policy (unless exemptions apply).

15. PUBLISHING DETAILS OF PARTICULAR CONTRACTS (CONTRACT REGISTER)

- 15.1 Council must, as soon as practicable after entering into a Contractual Arrangement worth \$200,000 or more (exclusive of GST)
- (a) publish the relevant details of the Contractual Arrangement on the Council's website; and
 - (b) display the relevant details of the Contractual Arrangement in a conspicuous place in the Council's public office; and
 - (c) the relevant details must be published or displayed for a period of at least 12 months.
- 15.2 The relevant details that must be published for the purposes of paragraph 14.1(c) are:
- (a) the person with whom the Council has entered into the Contractual Arrangement;
 - (b) the value of the Contractual Arrangement; and
 - (c) the purpose of the Contractual Arrangement.

16. REVIEW OF POLICY

- 16.1 In accordance with Section 198(3) of the LG Regulation, this Policy is to be formally reviewed by Council annually.