

F.05 Procurement Policy 2022

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- CEO Chief Executive Officer
- DCCS Director Corporate and Community Services
- DES Director Engineering Services
- MFA Manager Finance and Administration

1 OBJECTIVE

Quilpie Shire Council is committed to ensuring that it is transparent and accountable in the procurement of all goods and services. This policy establishes a framework to ensure that all Council's procurement activities take into consideration the following factors:-

- are carried out in a professional manner, promoting probity and accountability;
- are conducted in a fair and transparent manner through open and effective competition;
- support local business;
- comply with the Council's legal and statutory obligations;
- minimise operational costs;
- deliver best quality and value for money;
- support and advance Council's environmental, economic, and social responsibilities;
- maintain public confidence in the Council;
- effectively manage risk; and
- assist in achieving Council's goals, as set out in the Corporate Plan.

2 SCOPE

This document sets out the Council's policy for purchasing throughout the organisation and provides information on the roles and responsibilities of key officers and areas involved in the purchasing function within Council to ensure compliance with the *Local Government Act 2009*.

This policy applies to the procurement of all goods and services by Council and Council representatives as required by the *Local Government Act 2009*.

3 STATEMENT

3.1 PRINCIPLES

All Council procurement must be conducted in strict compliance with the sound contracting principles as outlined in Section 104(3) of the *Local Government Act 2009*, including the procurement principles as follows:-

Value for Money.

- Council will harness its purchasing power to achieve the best value for money.
- The concept of value for money is not restricted to price alone.
- As a minimum the value for money assessment will include consideration of:-
 - contribution to the advancement of Council's priorities;
 - fitness for purpose, quality, services, and support;
 - whole-of-life costs including costs of acquiring, using, maintaining, and disposing;
 - internal administration costs;
 - technical compliance issues;
 - risk exposure; and
 - the value of any associated environmental benefits.

Open and Effective Competition.

- Council will as far as is reasonably practicable conduct purchasing of goods and services through a process of open and effective competition.
- The Council will give fair and equitable consideration to all prospective suppliers.

- Suppliers wishing to conduct business with Council will be given every reasonable opportunity to do so subject to them satisfying Council's requirements and relevant evaluation criteria. This may include, but not be limited to, demonstrated technical ability, environmental impact, company profile, professional references, quality assurance and total acquisition cost.

The Development of Competitive Local Business and Industry.

- Council encourages the development of competitive local businesses within the regional area. It will endeavour to promote and support local industry and efficient competition in the region in all its procurement activities.
- Council acknowledges and fully supports the Queensland Government's Local Industry Policy.
- It is committed to giving local industry a fair and reasonable opportunity to tender for project work.
- When considering quotations and tenders for projects, Council's evaluation methods will be tailored to suit the specific project and should include appropriate provisions for the consideration of preferred suppliers.
- In addition to price, performance, quality, suitability and other evaluation criteria, the following areas may also be considered in evaluating offers:
 - creation of local employment opportunities;
 - readily available servicing support;
 - more convenient communications for contract management;
 - economic growth within the local area; and
 - benefit to Council of associated local commercial transactions.

Environmental Protection.

Council promotes environmental protection through its procurement activities. In undertaking any procurement activities, Council will:-

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

Ethical Behaviour and Fair Dealing.

- Council staff involved in purchasing must behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.
- In addition, procurement must be conducted in a way that ensures that expenditure is only for Council purposes and is adequately documented to provide support for and transparency of recommendations and decisions.
- Council staff involved in purchasing must avoid suppliers who seek favours or operate outside the competition and the policies encompassed in this document.
- Council officers involved in the purchasing process must avoid and/or declare, to their Supervisor, Manager, or the Chief Executive Officer, any potential conflicts of interest or material personal interest (refer to Council's Code of Conduct and the legislation), and, if there is a conflict of interest, take no further part in the process.

Probity and Transparency

Council is committed to high levels of ethical standards in purchasing. In every instance, decisions in purchasing must be based on value and benefit to Council and the community;

- Transparency in decision making is most formally met through written scope/specifications: written evaluations against these must be provided for accountability and record keeping;
- Information given to prospective suppliers must be designed to inform and not to mislead;
- Commercially sensitive information, including bid prices and terms must be treated confidentially;
- Officers must declare to their line Manager any potential or actual conflict of interest, including any situation where a supplier has an association or relationship with a Council Officer;
- No purchases for private use are to be made using Council's orders or otherwise via Council unless specific written approval is obtained from the Chief Executive Officer; and
- Officers must not accept from suppliers gifts, gratuities, entertainment, or other forms of personal favour, other than those of a token kind. Guidelines for acceptable token gifts, benefits or hospitality are set out in the Code of Professional Conduct and reference must be made to that document.

3.2 RESPONSIBILITIES

Council officers responsible for purchasing goods and services are to comply with these instructions. It is the responsibility of Council employees involved in the procurement process to understand the policies and procedures as well as their meaning and intent, as well as to ensure their implementation.

3.3 PURCHASING REQUIREMENTS

3.3.1 Financial Delegation

Council delegates the Chief Executive Officer (CEO) and the nominated officers in Table 1 the authority to incur financial expenditure on behalf of Council under the following circumstances:

- where expenditure has been provided for in Council's budget;
- in the opinion of the CEO such expenditure is required because of genuine emergency or hardship;
- where the expenditure will be fully offset by directly associated revenues such as for private works or a new grant programme; or
- where expenditure is required to be incurred due to a contractual, legal, or legislative requirement.

The CEO additionally may grant financial delegation to another Council Officer to incur expenditure on behalf of the Council if:

- such delegation is recorded in the Register of Delegations; and
- the expenditure is provided for in the current capital budget or operational budget; and
- the expenditure is within the Council Officers' direct area of responsibility.
- in the case of genuine emergency or hardship the power to incur expenditure in these circumstances has also been deemed to be delegated.

The accountable officer (CEO) must approve financial delegations in writing by recording them in the Register of Delegations.

Any officer incurring expenditure may only do so in accordance with any constraints imposed by the Council or the CEO in respect to a financial delegation.

Officers are only to make contracts for the acquisition of goods and services where the total of the contract is considered to be within the officers' financial delegation limits and within the officers own department.

When a purchase involves a trade-in of goods which form part of the purchase cost the transaction must be assessed on the cost of the asset excluding trade-in.

3.3.2 Financial Delegation (Other Than Credit Cards)

Only the Council Officers listed in Table 1 are authorised to approve **order requisitions**, and then only in accordance with their financial delegation limits. By signing a paper-based order requisition or by processing an order requisition input into Practical Plus by another staff member, all officers are confirming that they have taken full notice of this Procurement Policy and have met with all of the relevant requirements.

The required number of quotations, or a duly authorised exemption form, must be attached to the hard copy or electronic requisition.

Table 1

Position / Role	Delegation (GST exclusive)
Chief Executive Officer	unlimited
Directors	\$ 100,000.00
Manager Finance and Administration	\$ 30,000.00
Managers	\$ 10,000.00
Works Coordinator	\$ 20,000.00
Technical Officers	\$ 10,000.00
Work Supervisors	\$ 10,000.00
Senior Stores Officer / Stores Officer (for stores items only)	\$ 40,000.00
Senior Officers	\$ 2,500.00
Finance Support Officer - Receivables	\$ 2,000.00
Librarian	\$ 1,000.00
EA Grants Officer	\$ 500.00

All staff below Manager level are limited to authorising purchases against budgets over which they have clear operational authority.

Any IT, communications or software purchase **must** be authorised by either the Finance Support Officer – Receivables, Senior Admin / IT Officer, Manager Finance and Administration, Director, or Chief Executive Officer. This applies regardless of the financial delegation of any other officer.

The Chief Executive Officer has the authority to amend or suspend the financial delegation for any staff member for operational reasons subject to the amendment being ratified by Council at a six-monthly review of any changes to financial delegations.

3.3.3 Recurring Operational Expenditure

In some cases, it can be considered impractical to issue a requisition or purchase order where such purchasing activities are recurring and operational in nature. Examples of this type of expenditure include:

Table 2

Provider	Expenditure Description
Ergon Energy	Electricity
Telstra	Telephones / Internet
Jardine Lloyd Thompson	Insurance
Qld Local Government Workcare	Workers Compensation
Queensland Local Government Mutual	Public Liability
Civica	Annual Software Licence Renewal
Microsoft Products	Microsoft Annual Licence Renewal
Shire Networks	ICT Hardware and Software Licences and Support
Department of Natural Resources and Mines	Property Valuations / Licence Renewals
Local Government Association Queensland	Memberships / Subscriptions
Department of Transport and Main Roads	Vehicle Registrations
Electoral Commission of Queensland	Election Costs
Queensland Audit Office	Financial Statement and Report Auditing
5 x 5	Website Hosting and Maintenance
Wordpress	Website Domains
Adobe	Creative Cloud Subscription
Sprout Social	Facebook Interface
IXOM	Quilpie Pool Chlorine Gas Cylinder Rental
BOC	Gas Cylinder Rentals
Compac Integrated Refuelling Solutions	Quilpie Airport Refuelling System
Department of Agriculture, Fisheries & Forestry	Land Protection Fund (2 Annual Instalments)
Heart of Australia	Contribution – Heart Bus Visits
Magiq	Management Licences / Support
N-Com Pty Ltd	Satellite Television Services
Jasko	Expert Airport Advice

Invoices from these suppliers must be approved by an Officer with the relevant financial and operational delegation as per Table 1.

3.3.4 Credit Card Transaction and Monthly Limits

Only the Council Officers listed in the following schedule are authorised to utilise Council Corporate Purchase Cards in line with the approved procedure and relevant budget allocation from the requesting officer. Each cardholder is responsible for expenditure charged to their card.

Council's total approved monthly Credit Card Transaction Limit is \$35,000.

Table 3

Mayor	\$ 3,000.00
Chief Executive Officer	\$ 8,000.00
Director of Corporate and Community Services	\$ 3,000.00
Director of Engineering Services	\$ 3,000.00
Senior Stores Officer	\$ 3,000.00
Fleet and Workshop Manager	\$ 3,000.00
Works Coordinator	\$ 3,000.00
Finance Support Officer - Receivables	\$ 2,000.00
Manager Tourism and Economic Development	\$ 1,500.00
Senior Road Construction, Maintenance and Structures Supervisor	\$ 1,500.00
Librarian	\$ 1,500.00
TOTAL Facility Limit	\$32,500.00

3.3.5 Workplace Health and Safety and Quality Assurance

At all delegation levels workplace health and safety and quality requirements must be considered for goods and services and acceptable standards must be included in the specifications supplied to suppliers (or possible suppliers). Similar diligence must be applied when supplied goods or services are evaluated after delivery / supply and before signing off for payment.

3.3.6 Keeping Record of Verbal and Written Quotes

Proper records which can be audited must be kept of verbal and written quotes. Verbal quotes **must** be noted in appropriate diaries or registers and evidence of the quote attached to the requisition and / or the office copy of orders. Written quotes **must** be attached to requisitions and / or the hard copy of orders or be scanned and uploaded for electronic requisitions or orders.

All quotes for goods and services above \$15,000 (excluding GST) must be retained in Council's corporate record keeping system.

Each quote sought for goods and services should have a common closing date.

3.3.7 Conflicts of Interest

There are two steps in identifying an actual or perceived conflict of interest. First, there must be a relevant direct or indirect interest. This could be financial or it could define a special advantage to a family member or a responsibility to another organisation, or be a detriment to a third-party. Secondly, the interest must intersect or overlap with a person's Council duties. This may involve a decision made by a Council officer or one who is advising Council.

In the context of this Policy, any person involved in the evaluation of a tender or quotation submissions must declare the existing conflict. Depending on what the conflict constitutes it may be necessary for that person to withdraw.

It is good practice to make an interest known to other members of an evaluation panel in any situation where there might be a perception of unduly influencing a decision.

3.3.8 Requirements to be Met For Purchases Subject to Exemptions (section 3.3.10)

Table 4

Amount of Purchase	Policy
Under \$50	<ul style="list-style-type: none"> purchases may be made out of petty cash except as defined otherwise by the Chief Executive Officer.
\$50 to <\$2,000	<ul style="list-style-type: none"> at least one verbal offer must be obtained with the details recorded.
\$2,000 to <\$5,000	<ul style="list-style-type: none"> at least two verbal offers must be obtained and details of both quotes must be attached to the invoice.
\$5,000 to < \$15,000	<ul style="list-style-type: none"> two or more written quotes must be obtained. If not possible to obtain a second quote, a record of suppliers approached must be kept and attached to the Council copy of the purchase order as well as any quotes obtained. <ul style="list-style-type: none"> For subsequent project progress payments, reference to the project folder may be used in lieu of attaching invoice copies.
\$15,000 to < \$200,000	<ul style="list-style-type: none"> Council cannot enter into a medium sized contract unless it first invites written quotes for the contract. <ul style="list-style-type: none"> The invitation must be to at least three suppliers who Council considers can meet its requirements at competitive prices. Copies must be attached to the Council copy of the purchase order. <ul style="list-style-type: none"> For subsequent project progress payments, reference to the project folder may be used in lieu of attaching invoice copies. Council may decide not to accept any quotes it receives. If Council decides to accept a quote, Council must accept the quote most advantageous to it having regard to the principles outlined above. There are limited exceptions to this requirement and they are listed below in the section titled 3.3.10 exemptions. Note: exceptions only remove the requirement to obtain quotes. Council must still issue a correctly authorised letter of acceptance or a purchase order signed by a member of staff with a purchasing limit sufficient to cover the cost.
\$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 <i>Local Government Regulation 2012</i>. Under Section 228 <i>Local Government Regulation 2012</i> Council must either invite written tenders, or invite expressions of interest before considering whether to invite written tenders. There are limited exceptions to this requirement and they are listed below in the section titled 3.3.10 exemptions. Note: exceptions only remove the requirement to obtain quotes. Council must still issue a correctly authorised letter of acceptance or a purchase order signed by a member of staff with a purchasing limit sufficient to cover the cost.

When a staff member believes, or reasonably should believe, a quote does not represent fair value, at least one additional quote must be obtained.

Before a purchase is authorised an authoriser must ensure there are sufficient funds available in an approved budget, or be satisfied the purchase is for a genuine emergency.

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 order.

3.3.9 Publishing Details of Contracts Worth \$200,000 or More

In accordance with Section 237 of the Local Government Regulation 2012, Council must, as soon as practicable after entering into a contract (other than a staff employment contract) worth \$200,000 (GST Exclusive) or more:-

- publish relevant details of the contract on Council's website; and
- display relevant details of the contract in a conspicuous place in Council's public office.

Relevant details of a contract include the following:-

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

3.3.10 Exceptions to Requirements to Seek Tenders or Quotations

Council may enter into a contract without inviting written quotations or tenders if the local government resolves: -

- that it is satisfied that there is only one supplier reasonably available; or
- 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
- that a genuine emergency exists; or
- to obtain second-hand goods; or
- to purchase goods at an auction; or
- the contract is made with, or under an arrangement with, a government body; or
- to purchase goods via an approved contractor list, a pre-qualified supplier list, under a preferred supplier arrangement or an LGA Arrangement (LocalBuy) - *refer Definitions section of this policy for further guidelines.*

3.4 LOCAL PREFERENCE

Council will give preference to local suppliers wherever possible.

Council delegates the Chief Executive Officer the authority to award individual quotations to local suppliers over other providers where the difference in price is minimal and the transaction is clearly to the benefit of the local area and economy.

3.5 PURCHASE ORDERS

The issue of a purchase order under the terms of the contract represents the acceptance of an offer, thereby establishing a contract with the legal implications that entails. It is important to note that purchase orders must be raised **before** the supply of goods and services to Council.

Purchase orders must specify where and to whom the goods are to be delivered along with delivery instructions. Purchase orders must contain a quoted price or estimated quoted price apportioned to the relevant job numbers.

Expenditure limits and threshold limits have been set in this policy to ensure proper controls and checks are carried out on all purchases. No officer shall break down a procurement of products or services into its components or reduce quantities or take any other action in order to avoid complying with this policy or obtaining the prescribed approvals.

3.5.1 Receipt of Goods and Services

Prior to acceptance, goods must be inspected for compliance with the order specifications and quantities and be reconciled with the order. The supplier must be formally notified of any returns or shortfalls or damage to goods received. Credit requests must be raised and shortages endorsed on the delivery documents to ensure Council only pays for the quantities received.

3.5.2 Payment for Goods and Services

A signed proof of satisfactory receipt of the goods or services must be sent to the Finance Section to authorise payment to the supplier. Shortages, incorrect supplies, damaged goods, etc. must be noted and unless otherwise negotiated or specified in the offer or on the account, payment will be made in accordance with Council's trading terms of net thirty (30) days from the date of receipt.,

Settlement discounts will be treated with urgency by the Council Officers and processed within the nominated discount period where possible.

Purchase orders which may require cancellation must be referred immediately to the issuing Procurement Officer (Finance Support Officer – Payables or Stores Officer) for appropriate action.

3.6 CORPORATE PURCHASE CARDS (INCL. FUEL CARDS)

3.6.1 Policy Conditions – Corporate Purchase Cards

The Corporate Purchase Card is recognised as a valuable cost reduction tool for efficient and effective operation of Council's procurement activities. Within Council, purchasing cards are issued on the basis that:

- The Corporate Purchase Card will only be used for official Council business conducted in the course of the card holder's business activity;
- In the absence of pre-established arrangements, Corporate Purchase Cards are a preferred form of procurement reducing use of orders for low-value purchases;
- Corporate Purchase Card use is limited by monthly limits and by individual transaction value on goods and / or services;
- The operation of the Corporate Purchase Cards and the transaction limits be reviewed every year in order to identify the ongoing value in their use at Council;
- Issuing Corporate Purchase Cards are subject to written approval from the Chief Executive Officer;
- Each card holder must be aware of and understand their obligations regarding use of Council's Corporate Purchase Cards, (refer to purchase card guidelines and conditions of use);
- Each card holder is aware of and understands the consequences of misusing Corporate Purchase Cards.

Council Corporate Purchase Cards **must not be used to draw cash advances**.

Council Corporate Purchase cards **are not to be used to:**

- pay for any private or unofficial purchases;

- pay for goods / services which are not available or complete at the time of the transaction (i.e. no back orders);
- purchase items which would otherwise be available for issue from the Council’s stores except where such purchases are necessary in cases of emergency or after hours.

The issue and use of Council’s Corporate Purchase Cards is also subject to the “Quilpie Shire Council Procurement (Credit Card) Procedure”.

3.7 TENDERS AND EXPRESSIONS OF INTEREST

3.7.1 Requirements

Council must invite written tenders for: -

- contracts worth \$200,000 (GST exclusive) or more; or
- a valuable non-current asset contract.

Council must either: -

- invite written tenders; or
- invite expressions of interest before considering whether to invite written tenders.

However Council may only invite expressions of interest if it: -

- decides, by resolution, that it would be in the public interest to invite expressions of interest before inviting written tenders; and
- keeps a record of its reasons for making the resolution.

Invitation for tenders must:-

- be made by an advertisement in a newspaper that circulates generally in the local government area; and
- allow written tenders to be given to the local government for at least 21 days after the advertisement is published.

Invitation for expressions of interest must: -

- be made by an advertisement in a newspaper that circulates generally in the local government area; and
- allow written expressions of interest to be given to the local government for at least 21 days after the advertisement is published.

If Council invites expressions of interest, Council may:-

- prepare a shortlist from the persons who respond to the invitation for expressions of interest; and
- invite written tenders from those persons.

If: -

- an invitation to tender states that Council might later invite all tenderers to change their tenders to take account of a change in the tender specifications; and
- Council does change the tender specifications;
- Council may invite all the persons who submitted a tender to change their tender to take account of the change, before making a decision on the tenders.

Council may decide not to accept any tenders it receives.

However, if Council does decide to accept a tender, Council must accept the tender most advantageous to it, having regard to the sound contracting principles.

3.7.2 Tenders Closure Date and Time

Council is to provide a strongly constructed tender box in a designated area of Council premises for the purpose of holding all tender documents submitted by potential suppliers.

The tender box is to be securely locked and keys held by the CEO or their delegate.

All tender documents received before the advertised tender closure times are to be lodged in the tender box unopened. Tender documents received after the advertised closing date and time will be rendered invalid, unless the tender documents made provision for conditions under which late lodgements may be considered.

For tenders received electronically, only authorised persons will have access to the email account.

All tenders will be opened in public unless specified otherwise in the tender documents. All tenderers, whether successful or not, will be advised of the outcome.

3.7.3 Release of Information

No person must release information, including names of tenderers to other tenderers, prior to the awarding of contracts.

Communications should be minimised with suppliers prior to the award of a tender except during the course of work.

All quotation and tender documents should include advice regarding protocols for contact with staff and Councillors during contracting processes. Lobbying of any Councillor during the contracting process will automatically disqualify the tenderer / quoter from the contracting process.

3.7.4 Tender Storage Period

All tender documents shall be held for the duration of the tender period and documents (excluding brochures) shall be held for the period specified in the Queensland State Archives – General Retention and Disposal Schedule for Administrative Records.

3.7.5 Caretaker Period

Council must not make a major policy decision during the caretaker period prior to an election unless exceptional circumstances exist. This includes entering into any contract, the value of which is greater than \$200,000.00 exclusive of GST or 1% of the Council's net rate and utility charges as stated in the financial statements of its annual report, whichever is the greater.

If Council does enter into a Contract that exceeds these amounts and the transaction does not constitute exceptional circumstances they may be liable for legal proceedings and / or compensation to the other party of the contract who has acted in good faith. The Contract would be considered to be an invalid policy decision.

4 DEFINITIONS

Procurement

Procurement is the framework, the rules, and procedures, by which a Council obtains an effective supply of the required goods and services. It seeks to align with the organisational strategy rather than just process orders and “buy things”.

To be effective a good procurement function should provide to its organisation the following outcomes:

- Provide protection to the organisation and staff through the use of robust systems and procedures;
- Provide efficiencies of cost and process;
- Provide quality goods and reliable services;
- Support budget processes by enabling timely delivery of goods and services and reducing oversupply errors;
- Provide a strong contract and supplier management framework;
- Allow improved communication and understanding between the organisation and its supplier base;
- Contribute to financial sustainability;
- Provide some controlled flexibility with regard to the organisation’s particular circumstances; and
- Reduce the risk of conflicts of interest and unethical or illegal behaviours.

Purchasing

The term purchasing refers to the process of ordering and receiving goods and services. It is a subset of the wider procurement function. Generally purchasing refers to the process involved in orders goods and services which is comprised of request, approval, purchase order and receipt of said goods and / or services. It does not generally drive policy decisions or act in a strategic manner.

Approved Contractor Lists

- a) An **‘approved contractor list’** is a list of persons Council considers to be appropriately qualified to provide services for medium or large sized contracts.
- b) Council may establish an approved contractor list by:-
 - inviting expressions of interest from suitably qualified persons, by an advertisement in a newspaper that circulates generally in the local government area; and
 - allowing expressions of interest to be given to Council for at least 21 days after the invitation is advertised; and
 - choosing persons for the approved contractor list on the basis of the sound contracting principles.

Registers of Pre-Qualified Suppliers

- a) 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.
- b) Council may establish a register of pre-qualified suppliers of particular goods or services only if:-
 - the preparation and evaluation of invitations every time that 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 compliant with particular standards or conditions set by Council; or
 - the ability of local business to supply the goods or services needs to be discovered or developed.

Preferred Supplier Arrangements

- a) Council may establish a **preferred supplier arrangement** if –
 - the supply of goods or services is needed in large volumes or frequently; and
 - Council is able to obtain better value for money by accumulating the demand for the goods or services; and
 - the goods or services needed can be described in terms that would be well understood in the relevant industry.
- b) Council must invite persons to tender for a preferred supplier arrangement.
- c) The invitation to tender for a preferred supplier arrangement must:-
 - be made by an advertisement in a newspaper that circulates generally in the local government area; and
 - allow tenders to be given to Council for at least 21 days after the advertisement is published; and
 - describe the terms of the preferred supplier arrangement.
- d) When selecting a person to be the preferred supplier under a preferred supplier arrangement, Council must have regard to the sound contracting principles under section 104 of the LG Act 2009.
- e) Council must ensure the terms of the preferred supplier arrangement allow the contract to be cancelled for the poor performance of the preferred supplier.
- f) A preferred supplier arrangement may be entered into for a term of more than 2 years only if the local government is satisfied it will get better value for doing so.

LGA Arrangement (Local Buy)

- a) An “**LGA Arrangement**” is an arrangement that has been entered into by:-
 - the Local Government Association of Queensland (LGAQ Ltd.); or
 - a company (the **associated company**) registered under the Corporations Act if LGAQ Ltd. is its only shareholder; and
- b) If LGAQ Ltd. or the associated company were a local government, would be either:-
 - a contract with an independent supplier from a register of pre-qualified suppliers established under section 232 by LGAQ Ltd. or the associated company; or
 - a contract with an independent supplier entered into under a preferred supplier arrangement under section 233.
- c) An **independent supplier** is an entity other than a subsidiary (a **relevant subsidiary**) of LGAQ Ltd. or the associated company under the Corporations Act.
- d) Despite subsection 6.4 (b), an **LGA Arrangement** may include a contract with a relevant subsidiary from a register of pre-qualified suppliers or a preferred supplier arrangement with a relevant subsidiary if the arrangement is approved by the minister.
- e) For deciding whether to approve an LGA arrangement under subsection 6.4 (d) the Minister:-
 - must have regard to the sound contracting principles; and
 - may ask LGAQ Ltd or the associated company to give the Minister information or documents relevant to the arrangement.

Other Definitions

Medium-sized contract is a contract worth \$15,000 (GST exclusive) or more but less than \$200,000 (GST exclusive).

Large-sized contract is an individual contract worth \$200,000 (GST exclusive) or more which can extend beyond one financial year.

Valuable non-current asset contract is a contract for the disposal of a valuable non-current asset.

Valuable non-current asset is:

- a. Land; or
- b. Another non-current asset that has an apparent value that is equal to or more than a limit set by the local government.

Government agency includes:

- a. The State, a government entity, corporatised business entity, or another local government; or
- b. The Australian Federal government or an entity of the Australian Government; or
- c. A local government of another State.

5 RELATED POLICIES | LEGISLATION | OTHER DOCUMENTS

Local Government Act 2009

Local Government Regulation 2012

IX #	Details
91111	F.05-A Procurement (Credit Card) Procedure
91123	F.05-B Procurement (Tenders and Quotes) Procedure