

PROCUREMENT POLICY 2026/2027

SCOPE

This Policy relates to the procurement activities of Banana Shire Council (Council). It must be applied to all procurement of goods and services.

LEGISLATION

Local Government Act 2009
Local Government Amendment Regulation 2025
Local Government Regulation 2012
Public Sector Ethics Act 1994

OBJECTIVE

This Policy outlines Council's commitment to meet the legislative requirements of the procurement within local government.

DEFINITIONS

CEO	Chief Executive Officer, Banana Shire Council.
Council	Banana Shire Council.
Medium-size contractual arrangement	A contractual arrangement between a local government and a supplier as described in Section 223B of the <i>Local Government Regulation 2012</i> .
Large-sized contractual arrangement	A contractual arrangement between a local government and a supplier as described in Section 223C of the <i>Local Government Regulation 2012</i> .
Procurement Thresholds	Thresholds mentioned in Local Government Regulation for Medium-sized contractual arrangements, Large-sized contractual arrangements, and Valuable non-current assets.
The Act	<i>Queensland Local Government Act 2009</i> .
The Regulation	<i>Queensland Local Government Regulation 2012</i> .

1.0 Delegation.

Only employees or contractors holding positions that have delegated authority in the schedule of procurement delegations may undertake procurement activities for Council.

2.0 Sound Contracting Principles to be Applied in Procurement Activities.

The following principles must be applied when undertaking Procurement Activities:

2.1 Value for Money.

Harness Council's procurement 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 achievement of the Council's priorities.
- Fitness for purpose, quality, services, and support.
- The whole of-life costs including costs of acquiring, operating, maintaining, and disposal.
- Availability of supply.
- Internal administration costs.
- Technical compliance and obsolescence issues.
- Risk exposure.
- The value of any associated environmental benefits.

2.2 Open and Effective Competition.

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

2.3 The Development of Competitive Local Business and Industry.

Council encourages the development of competitive local businesses within the Council area. In the pursuit of the principle and objective of enhancing the capabilities of local business and industry Council will:

- Where practical, give local suppliers the opportunity to participate in the procurement activities.
- Provide a procurement evaluation criterion for local business and industry of no less than 5% of the overall procurement criteria and allocate that local business and industry criterion where the supplier:
 - is beneficially owned by persons who are residents or ratepayers of the Council area; or
 - has its principal place of business in the Council area; or
 - otherwise has a place of business within the Council area which solely or primarily employs persons who are residents or ratepayers of the Council area.

When applying the local business and industry criteria, the assessment should ensure that the supplier meets all other principles and that there is no substantial difference in quality, delivery, or conditions of the supply.

Council's Procurement Procedure should provide guidance for the CEO on a percentage (%) of price increase that the CEO could consider in deciding to prefer a local provider.

2.4 Environmental Protection.

The Council promotes environmental protection through its procurement procedures.

In undertaking procurement activities Council will:

- Promote the procurement of environmentally friendly goods and services that satisfy sound contracting principles.
- Foster the development of products and the process of low environmental and climate impact.
- Provide an example to business, industry, and the community by promoting the use of climatically and environmentally friendly goods and services.
- Encourage environmentally responsible activities.

2.5 Ethical Behaviour and Fair Dealing.

Employees and contractors undertaking procurement must be impartial and fair, act with integrity and professionalism and promote independence and openness in the procurement activities.

The processes applied by employees and contractors must ensure all procurement decisions are made at arm's length in respect of related parties.

3.0 CEO's Authority to Implement Additional Controls.

Council supports the implementation of tighter procurement thresholds and adopting of systems and processes to achieve the principles outlined in various acts. The CEO may develop and implement procurement procedures and issue directives to staff to meet the requirements of applicable acts and regulations.

4.0 Purchase Orders Must Not Be Split.

Multiple orders must not be created to circumvent the delegation limits. Where multiple orders are required due to the nature of the supply, the total of all orders must not exceed the delegate's limit.

Multiple orders must not be created to circumvent the procurement process. Where multiple orders are required due to the nature of the supply, the procurement process used must reflect the total of all orders for that supply.

5.0 Procurement requirement – Supplies Under the Value of Medium-Size Contractual Arrangements.

Procurements up to the value of medium-size contractual arrangements must be made adhering to the Local Government Principles as per s4 of the *Local Government Act 2009* and the Sound Contracting Principles as per s104(3) of the *Local Government Act 2009*.

The CEO may implement additional controls to achieve the objectives of the sound contracting principles and principles of other applicable legislations.

6.0 Procurement Requirement – Supplies for Medium-Size Contractual Arrangements.

The procurement threshold for contracts of the medium-size is detailed under Section 223B of the Regulation.

The regulation states “ *The minimum amount for a medium-sized contractual arrangement is—*

(a)for an arrangement entered into before 1 July 2026—\$21,000; or

(b)for an arrangement entered into on or after 1 July 2026—the minimum amount for the arrangement as adjusted and rounded under Section 223E”.

The procurement threshold will be adjusted annually as per Section 223E of the Regulation.

The procurement must be undertaken using the procedure outlined in Section 225 of the Regulation including the exceptions outlined in Division 3 of the Regulation.

Section 225 requires the procurement process to receive quotes before entering a contractual arrangement.

The CEO may implement additional controls to achieve the objectives of the sound contracting principles and principles of other applicable legislations.

7.0 Procurement Requirement – Supplies for Large-Size Contractual Arrangements.

A large-size contractual arrangement is described in Section 223C of the Regulation.

The regulation states that “*The minimum amount for a large-sized contractual arrangement is—*
(a) for an arrangement entered into before 1 July 2026—\$280,000; or
(b) for an arrangement entered into on or after 1 July 2026—the minimum amount for the arrangement as adjusted and rounded under Section 223E”.

The procurement must be undertaken using the Contracting Procedure as per Section 226 of the Regulation, including the exceptions outlined in Division 3 of the Regulation.

Section 226 requires Council to invite tenders to enter a large-size contractual arrangements.

8.0 Payment of Suppliers.

The use of purchase orders is Council’s preferred method of undertaking procurement except where the procurement procedure excludes the requirement (e.g. electricity accounts and vehicle registrations). However, for smaller purchases (less than \$5,000) a credit card may be used subject to the conditions provided in the Procurement Procedure and Council’s Credit Card Policy and Procedure.

Where a purchase order is used, it must be raised before the procurement is undertaken unless there is a genuine emergency or otherwise approved by the CEO.

9.0 Management of Suppliers.

The performance of suppliers must be monitored by employees and contractors undertaking procurement activities to ensure that Council is obtaining the maximum benefit under sound contracting principles.

10.0 Training and Support to Staff.

Council requires all relevant staff to be supported with training in the procurement procedures and systems. Regular refresher training should be provided to staff to ensure procurement knowledge is current.

11.0 Internal Audits and Continuous Improvement.

Council requires periodic audit processes to ensure the procurement requirements as per various acts is adhered to by Council Staff.

Council also adopts continuous improvement process to achieve efficiencies in the procurement process while maintaining the compliance.

Council shall ensure that Council's procurement policy is conducted in a manner that reflects and preserves the Human Rights Principles outlined in the *Human Rights Act 2019*.

PROCEDURE

Procedures as approved and issued by the Chief Executive Officer, and subject to further revision, amendment, and issue under the authority of the Chief Executive Officer.

CERTIFICATION



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CHIEF EXECUTIVE OFFICER
BANANA SHIRE COUNCIL

7 April 2026

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DATE