



# POLICY

## C022 Procurement

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## 1 Purpose

The purpose of this Policy is to guide Council's procurement activities in a manner that promotes open and fair competition, ensures Value for Money, and upholds the principles of transparency, probity, and accountability. It supports ethical, efficient, and effective procurement practices that deliver value to the community and align with Council's strategic objectives.

Council is required under sections 108 and 109 of the *Local Government Act 2020* (The Act) to prepare, adopt and comply with its procurement policy.

While based on a shared template developed collaboratively by the Municipal Association of Victoria (MAV), this policy has been tailored to reflect the specific needs and context of Hindmarsh Shire Council and may differ slightly from policies adopted by other Councils. It applies solely to procurement activities undertaken by Hindmarsh Shire Council.

## 2 Scope

This policy applies to all procurement activities undertaken by Council and is binding upon all Council Officers, Councillors, Contractors, Consultants and/or third parties acting on behalf of Council to comply with the principles and framework set out in this policy.

In accordance with *the Act*, this Policy seeks to ensure open and fair competition and Value for Money whilst upholding the principles of transparency, probity and accountability.

Key terms used throughout this policy are defined in the *Definitions* section within this policy.

### 2.1 Exclusions

This policy does not apply to:

- salaries, wages, direct payroll payments, superannuation and taxation;
- corporate credit card use (where alternative approval policies apply);
- Travel related goods or services (purchases must be made in accordance with the Staff Travel and Accommodation Policy or Councillor Expense Entitlements Policy);
- Novated contracts, where the initial contract was entered into in compliance with this Policy and due diligence has been undertaken in respect to the new party;
- Leave balance transfers between Councils;
- The purchase of land and property; or
- Other statutory payments that are otherwise covered under relevant legislation, regulation or policy (e.g. Emergency Services & Volunteer Fund, GST).

### 2.2 Procurement During the Caretaker Period

In accordance with section 69 of The Act, Council must not make major procurement decisions during the caretaker period that could influence the outcome of an election or bind an incoming Council.

All procurement activities during the caretaker period must:

- Be assessed for political or commercial risk;
- Be clearly and appropriately documented; and

- Comply with all relevant probity principles and legislative requirements.

Further guidance will be provided by Council through caretaker period protocols as contained in Council's *Election Period Policy* as contained with the Governance Rules.

### 3 Treatment of GST

All monetary values stated in this policy exclude GST except where specifically stated otherwise.

### 4 Definitions

<b>The Act</b>	means the <i>Local Government Act 2020</i>
<b>Aggregate Purchasing</b>	is the strategic consolidation of procurement activities for identical or similar goods, services, or works across multiple departments, projects, or entities. This approach is intended to optimise Value for Money by leveraging combined purchasing power, improving contract outcomes, and reducing duplication of effort.
<b>Collaborative Procurement Arrangement</b>	refers to a pre-established arrangement with a panel of suppliers or contractors, formed through a public tender process in accordance with the Act, associated regulations and relevant procurement thresholds. These arrangements may be established by: <ul style="list-style-type: none"><li>• Individual Councils;</li><li>• A group of Councils or public bodies working collaboratively; or</li><li>• Recognised external agents such as Procurement Australia, Municipal Association of Victoria or State Government Agencies.</li></ul> Collaborative procurement enables Council to procure goods, services, or works without undertaking a full tender process, provided the engagement complies with the scheme's terms and conditions.
<b>Commercial in Confidence</b>	means information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information, etc.
<b>Consultant</b>	means individuals or groups of individuals with specialised knowledge and/or skill. They are not part of an organisation's staff management but rather are contracted for a fee to provide specific services to an organisation and are not under direct line management authority.
<b>Contract Management</b>	means the process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible in order to deliver the business and operational objectives required from the contract and in particular value for money.
<b>Contract Variation</b>	refers to any modification made to the original terms and conditions of an executed contract. Variations may be financial or non-financial in nature and must be managed transparently, appropriately documented and assessed to ensure they do not undermine the principles of value for money, probity, equity, or open and fair competition.

<b>Council</b>	means Hindmarsh Shire Council
<b>Council Employees</b>	means full-time, part-time, casual, and temporary employees of Hindmarsh Shire Council.
<b>Contractor</b>	the common law defines an independent contractor as a person who works under a commercial contract or a contract for services. The independent contractor can operate as an individual or through a partnership, company or trust. The contractor is engaged to perform a specific role or task that is part of normal Council Operations and is under the supervision of Council Management in delivery of services.
<b>EDRMS</b>	means Council's Electronic Document and Records Management System.
<b>Emergency</b>	means a sudden or unexpected event requiring immediate action including the occurrence of a natural disaster, flooding or fire event at a Council property; the unforeseen cessation of trading of a core service provider; any other situation which is liable to constitute a risk to life or property.
<b>Local Supplier</b>	is defined as a commercial business that meets at least one of the following criteria: <ul style="list-style-type: none"><li>• Maintains an operational premises that is physically located within the municipal boundaries of Council; or</li><li>• Delivers, sources or undertakes the majority of their goods, services or works within the Council area; or</li><li>• is located within Hindmarsh Shire where geographic proximity clearly contributes to local, economic, social or community outcomes</li></ul>
<b>Probity</b>	Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness, and honesty in a particular process. Probity is a defensible process which can withstand internal and external scrutiny, which achieves both accountability and transparency, providing respondents with fair and equitable treatment.
<b>Sustainability</b>	means activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
<b>Procurement</b>	means the end-to-end process of acquiring external goods, services, and works. It encompasses the entire lifecycle, from initial planning and concept development through to contract completion, asset disposal, or the conclusion of a service. Procurement also includes the organisational structures, governance, and compliance frameworks that support and guide procurement activities within the council operations.
<b>Purchase Order</b>	means a form of contract, which is an official document used to authorise and record the purchase of goods or services or works by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier. A purchase order may be used in conjunction with an agreement for the supply of goods, services or works, or to instigate supply against an agreement.

**Value for Money** Value for Money in procurement is about selecting the supply of goods, services and building and construction taking into account both cost and non- cost factors including:

- contribution to the advancement of Council’s priorities;
- non-cost factors such as fitness for purpose, quality, service and support; and
- cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or building and construction.

**Whole of Life** the anticipated total cost over the entire life of a contract which includes all extension options. This must consider environmental and social factors, transition in/out, operational, repair and potential disposal costs and applicable taxes.

## 5 Principles

Council's procurement processes shall be based on the following principles, irrespective of the value and complexity of the procurement.

### 5.1 Probity, Accountability and Transparency

Council is committed to upholding the highest standards of probity, accountability and transparency in all procurement activities.

All Councillors, Council officers and authorised agents involved in procurement activities must act ethically, impartially and in public interest. They are individually accountable for their decisions and the outcomes of procurement processes undertaken on behalf of Council.

All procurement activities must be conducted in a manner that:

- Complies with The Act, this Procurement Policy, associated procurement manual or guidelines, relevant legislation and applicable standards.
- Demonstrates integrity, fairness, and transparency.
- Is defensible under internal and external scrutiny.
- Manages conflicts of interest and maintains public trust.
- Prevents and mitigates risks such as fraud, corruption or collusion.

Where procurement activities are carried out by authorised agents on Council’s behalf (e.g. external parties, consultants, contractors), they must comply with the same legal, ethical and procedural obligations as Council officers.

#### 5.1.1 Conflict of Interest

Councillors and Council staff will always avoid situations in which private interests conflict, or might reasonably be seen to conflict, or have the potential to conflict, with their Council duties. Councillors, Council staff, and consultants or contractors acting on behalf of Council will not participate in any action or matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.

The onus is on the Councillor, the member of Council staff, consultant or contractor involved to be alert to and promptly declaring an actual or potential conflict of interest to Council. Conflict of interest provisions for Councillors and Council staff are clearly outlined in the Act.

All persons engaged in the development or evaluation of quotations or tenders must adhere to this Policy and complete and lodge a Conflict of Interest and Confidentiality declaration prior to participating in any procurement activity. Where appropriate, a Conflict of Interest Management Plan may be put in place.

### **5.1.2 Disclosure of Information**

Commercial in Confidence information received by Council must not be disclosed and is to be stored in a secure location. Councillors and Council Staff must take all reasonable measures to maintain confidentiality of:

- Information submitted by suppliers in tenders, quotations or during tender negotiations; and
- Information that is marked confidential, or reasonably understood to be confidential due to its nature; and
- Any details related to current or proposed contracts, particularly where disclosure could compromise Council's position or breach probity.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubts about what is being offered by that supplier.

At no stage should any discussion be entered into which could improperly influence the procurement process or negotiation of a contract prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

## **5.2 Strategic Procurement**

Council adopts a strategic approach to procurement to maximise value and efficiency.

**Each procurement activity will be planned with consideration of:**

- opportunities for aggregated purchasing across Council or with other entities through approved purchasing schemes.
- Collaborative or joint procurement arrangements.
- utilisation of existing internal and external supplier panels or contracts; and
- alternative contracting models that best support the delivery of outcomes.

## **5.3 Value for Money and Quadruple Bottom Line**

Council is committed to achieving Value for Money in all procurement decisions. This means selecting the option that offers the best overall outcome - not just the lowest price, but based on a balanced assessment of cost, quality, risk, sustainability and social impact over the entire lifecycle of the goods, services or works.

Council's approach to Value for Money includes integration of Quadruple Bottom Line (QBL) principles which means ensuring that economic, environmental, social, and ethical considerations are embedded into procurement planning and decisions wherever practical and proportionate.

**In applying the Value for Money principle, Council will:**

- **Consider Whole-of-Life Costs**, including planning, acquisition, operation, maintenance, and disposal.
- **Optimise Quality and Performance**, ensuring goods, services, and works are fit for purpose, durable, and supported by service warranties where appropriate.
- **Deliver Broader Community Benefits**, encouraging procurement outcomes that generate positive social, economic, and environmental impacts, including through support of local, social, Indigenous, and inclusive suppliers.
- **Champion Sustainable and Ethical Procurement**, engaging suppliers who demonstrate compliance with fair, ethical, and socially responsible labour practices, and who meet legislative and regulatory obligations, including workplace safety and modern slavery to employees.
- **Minimise Environmental Impact**, selecting products and services that reduce resource consumption, emissions, waste, and environmental degradation.
- **Support Innovation**, encouraging new solutions, technologies, or delivery models that improve outcomes or efficiencies.
- **Promote Fair Competition and Efficiency**, ensuring open, transparent procurement processes that support innovation and reduce duplication.
- **Enable Collaboration and Aggregation**: leveraging shared services, panel arrangements, and approved purchasing schemes where appropriate.

### 5.3.1 Quadruple Bottom Line (QBL) Principles

Council may, where practicable, incorporate the following Quadruple Bottom Line considerations into its procurement planning and decision making:

#### 1. Economic

- Support local suppliers (as defined in this policy's definition), small to medium enterprises (SMEs), and regional businesses
- Create local jobs and stimulate economic development within the Council area
- Consider long-term value and cost-effectiveness, not just upfront price

#### 2. Environmental

- Reduce waste, greenhouse gas emissions, and resource use
- Prioritise recycled, energy-efficient, or sustainably made goods and services
- Support the circular economy and climate resilience through environmentally responsible purchasing

#### 3. Social

- Promote diversity, equity, and inclusion across supply chains
- Support Indigenous-owned businesses, disability enterprises, and certified social benefit suppliers
- Provide employment and training opportunities for disadvantaged or marginalised groups

#### 4. Ethical Governance

- Work with suppliers who follow ethical practices including fair labour, safe workplaces and compliance with modern slavery laws
- Maintain transparency, integrity, and compliance in all procurement activities

Council may apply Quadruple Bottom Line (QBL) principles in a manner that is practical, proportionate, and aligned to the size, risk and complexity of each procurement activity. These considerations may be factored into planning, specification, evaluation, and contract management stages of more complex and larger projects/contracts. Specifically, they may apply where procurement activities meet the public tender threshold.

## 5.4 Risk Management

Procurement activities must be properly planned and executed to protect Council from risks including but not limited to; personal injury, property damage, financial loss, reputational harm, legal exposure, and disruption to the delivery of goods, services, or works.

To minimise procurement-related risks and uphold best practice, Council implements the following risk mitigation strategies:

- **Procurement Planning:** allowing sufficient time for procurement preparation, market engagement, and internal approvals to reduce the risk of rushed or non-compliant processes.
- **Standardised Contract Documentation:** using Council approved templates that include legally reviewed terms and conditions to ensure consistency and reduce contractual ambiguity.
- **Securities:** requiring appropriate security deposits such as bank guarantees to protect against supplier non-performance or contract default.
- **Due diligence Checks:** undertaking financial and reference checks on new and existing suppliers, with periodic reviews as needed to ensure ongoing capability and compliance.
- **Subject Matter Expert input:** referring complex or technical specifications to qualified internal or external subject matter experts to ensure clarity, feasibility, and risk mitigation.
- **Contract Execution before Commencement:** ensuring that all contracts are fully executed and documented before any goods are delivered, services commenced, or payments issued.
- **Standards and Compliance:** incorporating relevant Australian Standards, legislative requirements, and industry best practices into specifications and contract terms.
- **Ongoing Contract Management:** requiring contract managers to actively monitor contractor performance, deliverables, and compliance throughout the contract term, with issues documented and addressed promptly.

## 6 Policy

All procurement processes will be conducted in accordance with the requirements of this policy and any associated procedures, Council's Employee Code of Conduct, Instrument of Delegated Staff Purchase Authorities, relevant legislation, relevant Australian Standards and the Act. Any breach of this policy by Council staff may be dealt with under Council's Disciplinary Guidelines. Any breach of the policy by Councillors may be dealt with under the Councillor Code of Conduct.

### 6.1 Procurement Processes

#### 6.1.1 Cumulative/Aggregate Spend

In some instances, Council will procure goods, services and works with low value but on a regular or recurring basis. These arrangements can lead to Council incurring expenditure which, on an aggregate basis, approach or exceed applicable procurement thresholds.

Care must be taken to ensure that Council complies with its procurement obligations in circumstances in which cumulative payments to a single supplier, or to multiple suppliers in respect of similar goods, services or works, meet or exceed the threshold for public tender as set out in this Policy.

Council should, wherever possible, leverage cumulative spend, rather than treating each discrete arrangement as a separate procurement, to achieve greater value for money. Council must proactively identify opportunities for aggregation. The likely total cumulative value of a procurement activity, or a category of activity for which there are several suppliers providing similar goods, services or works, must be considered during the planning phase of a procurement.

## 6.2 Procurement Methods

Council's standard methods for purchasing goods, services and building and construction will be by one or more of the following methods:

- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds;
- Request for Quotation (RFQ) process, followed by a Contract or Purchase Order
- Request for Tender (RFT) process, followed by a Contract and Purchase Order
- corporate purchasing card;
- payment on invoice where a central billing arrangement has been implemented;
- Approved Purchasing Schemes (Collaborative Procurement Arrangements with other Councils, or Municipal Association of Victoria (MAV) Procurement, Victorian Government, Procurement Australasia or other bodies);
- Panel Contract

All procurement activities must:

- Be supported by identified and available funding
- Be authorised in accordance with Council's approved financial delegations and thresholds
- Involve more than one person with appropriate documentation and approvals to ensure transparency and accountability

All Requests for Tender (RFT), Expressions of Interest (EOI) and Requests for Quotation (RFQ) must be published on Council's online tendering portal. RFT's and EOI's may also be advertised through additional channels such as state or local newspapers, industry publications, and web-based forums depending on the scale and audience of the procurement.

In accordance with the Act, Council must publish details of awarded tenders that meet or exceed prescribed thresholds on its public website to ensure legislative compliance, transparency, and community awareness.

### 6.2.1 Purchase Orders

A Purchase Order should be used as the method of payment for all purchases other than those exempted below. The purchase order must be raised and approved prior to receipt of any goods or services and invoices should state the purchase order number. All purchases must be raised on Council's finance system.

Purchase Orders are not required for:

- Utilities – water, telecommunication, gas, electricity, sewerage charges and Before You Dig Australia;
- Couriers;
- Australia Post;
- Medical accounts;
- Advertising;
- Legal fees\*;
- Memberships;
- Subscriptions (including software services and platforms with subscription-based fees);
- Building Regulations Lodgement Fees;
- Payments made under the Employee Assistance Program policy to approved suppliers;
- Any payment under \$100 (or \$500 for a purchase made by Council's mechanic), where aggregate/cumulative spend has been considered in accordance with this Policy;
- For approved staff reimbursements and any excluded items under section 2.1;
- Emergency or urgent works where it is impossible or impractical to raise a Purchase Order but where there is documented approval from an Officer with the appropriate financial delegation.

\*Not all legal fees are able to be anticipated; where possible, a quote for legal fees should be sought prior to engagement to effectively manage spend.

Council operates under a strict "No PO or Claim, No Payment" policy. A Council Purchase Order or correct claim must be created and provided to a supplier before commencement of any engagement for the supply of goods, services or works. Council will not be able to pay suppliers if they do not have a Purchase Order. This policy ensures financial control, transparency, and compliance with procurement and budgetary requirements.

Invoices submitted against an approved purchase order must not exceed the authorised purchase order value by more than 20% without written approval from the relevant Manager or Director. Any variation outside this threshold must follow formal procurement variation procedures and cannot be paid until a revised purchase order is issued.

### **6.2.2 Expressions of Interest**

Expressions of Interest (EOI) may be used where:

- Multiple suppliers are likely.
- Full tendering is burdensome, or procurement is complex.
- Vendor interest or capability is uncertain.
- Council seeks preliminary advice from the market.

### **6.2.3 Unsuccessful Tenders – Alternative Approaches**

If a public tender process concludes with no submissions received, Council may consider alternative procurement approaches, including:

- Reissuing the tender in its original form.
- Revising the scope or requirements and reissuing the tender.
- Inviting a limited number of suitable suppliers to submit proposals (Select Sourcing).
- Entering direct negotiations with a supplier (Sole Sourcing).

Any alternative procurement approach must be:

- Supported by documented market analysis and a clear rationale for the selected approach.
- Demonstrated to achieve Value for Money, fairness, and probity, in line with The Act, this Policy, and best practice procurement principles

Where public tendered procurement is not pursued, only Council endorsed panels or approved purchasing schemes established through a compliant public tender process may be used as an alternative procurement method.

### **6.3 Collaborative Procurement**

In accordance with Section 108 (c) of the Act, Council will actively seek opportunities to collaborate with other councils and public bodies in the procurement of goods, services or works, where such collaboration can deliver economies of scale, improved value for money, or other strategic benefits.

Council officers must give due consideration to collaborative procurement opportunities as part of the planning phase for all procurement activities.

Where a procurement recommendation is brought before Council, the accompanying report must include:

- An outline of any potential collaborative procurement opportunities identified, including the public bodies or councils involved; and
- A statement explaining why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

Where Council has entered Shared Services arrangements with one or more Councils, individual Councils will not be required to obtain tender/quotations. Tenders/quotations will be sought by the lead Council and approved according to the individual Council's Procurement Policy.

#### **6.3.1 Contract Negotiations**

To ensure the best value outcome for Council, contract negotiations may be conducted with one or more shortlisted tenderers, provided such negotiations remain consistent with the original scope, intent and probity principles of the tender process.

Council may also implement a shortlisting process as part of the evaluation. Where appropriate, shortlisted tenderers may be invited to submit a Best and Final Offer (BAFO) to allow Council to clarify, refine, or enhance proposals prior to final contract award.

Any negotiation or BAFO process will be conducted in a fair, transparent, and equitable manner, in line with The Act and relevant procurement best practice guidelines.

### **6.4 Market Engagement Method Thresholds**

- Thresholds refer to the total contract sum, including extension options and recurrent spend with the same supplier.
- Thresholds represent the minimum standards – Council officers may choose a more rigorous approach if it is in the best interests of Council
- Procurement transactions must not be split to circumvent the above thresholds.

- Where Council has established panels, alternate thresholds and methodologies may apply as approved at the time of panel formation.
- Where it is difficult to obtain sufficient quotations (e.g. due to limited suppliers or specialised work), an approved Procurement Exemption may be applied in accordance with Section 6.5.1.

It should be noted that the thresholds as detailed below for a formal public tender will come into effect when one of the following occurs:

- a) the cumulative supplier spend per financial year exceeds or is expected to exceed the threshold;  
or
- b) the expected spend per project exceeds the threshold.

In conjunction with section 6.2.3, if public market engagement is undertaken for a procurement of lesser value than the public tender threshold and the minimum number of quotes is not received, Officers may – in consideration of the principles of this Policy – approve the purchase without a formal CEO exemption. For example, if an Officer publicly advertises a procurement opportunity at the value of \$17,500 and only receives one quotation, the supplier *may* be approved if the principles of this Policy are met.

Procurement Value (excluding GST)	Minimum Market Engagement	Agreement Type*	Record Keeping
<\$5,000	One verbal quotation, with notation made as to the date, supplier, contact name and scope.	Purchase Order unless under \$100**	Note in Requisition of Price Comparison
\$5,001 - \$15,000	Obtain at least one written quotation.	Purchase Order	Quote and Purchase Order Registered in EDRMS
\$15,001 - \$50,000	Obtain at least two written quotations.	Purchase Order	Quote and Purchase Order Registered in EDRMS
\$50,001 - \$250,000	Obtain at least three written quotations or formal request for quotation	Contract	Evaluation Report approved within Delegation
>\$250,000	Public Tender	Contract	Evaluation Report approved by CEO/Council (subject to CEO delegation limit)

\*Unless exempt in accordance with section 6.2.1 or where a credit card is used. All use of corporate purchase cards must be used in accordance with Council policies and procedures.

\*\*\$500 threshold for Council's appointed mechanic.

## 6.4.1 Procurement Exemptions and Sole Sourcing

Council recognises that in defined and limited circumstances, procurement activities may be exempt from the standard requirements to seek tenders, quotations or expressions of interest.

### 6.4.1.1 Sole Sourcing

Sole sourcing is the engagement of a single supplier without seeking competitive offers and is considered a procurement exemption under this policy. It is permitted only in exceptional circumstances where:

- The market is restricted (e.g. licensing software, intellectual property rights, regulatory exclusivity)
- Council has jointly developed or co-owns the relevant intellectual property
- There is an urgent public interest or emergency requiring immediate procurement
- A thorough market analysis has demonstrated no viable alternatives exist or that a prior public tender process was unsuccessful and Council proceeds to an alternative sourcing approach in accordance with Section 6.2.3.

Exemption Justification	Sample Explanation
<b>Genuine Emergency or Hardship</b>	Allows a contract to be entered into where the CEO or an internally delegated officer, considers it necessary because of an emergency (e.g., to provide immediate response to a natural disaster, declared emergency, etc.)
<b>Extension of contracts while Council is at market to ensure continuation of supply of goods, services and works</b>	Allows the extension of an existing contract where the procurement activity to replace the contract has commenced (or is imminent) and where the establishment of an interim short-term arrangement with an alternative supplier would lead to Council achieving lesser value for money or an adverse effect on public interest
<b>Professional Services unsuitable for tendering</b>	Allows the procuring of the following engagements: <ul style="list-style-type: none"> <li>• Legal services, Utilities, Purchase of Land</li> </ul>
<b>Novated Contract</b>	Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party
<b>Operating Leases</b>	Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle
<b>Information technology resellers and software developers</b>	The expenditure related to purchases from information technology resellers and software developers (e.g. for renewal of software licenses/upgrades, etc.) where there is a sole supplier who holds the intellectual property rights to the software
<b>Sole Sourcing</b>	<p>The engagement of a single supplier without seeking competitive offers, permitted only in defined and exceptional circumstances such as where: (a) the market is restricted (e.g. IP ownership, licensing, regulation); (b) no viable alternatives exist following a failed tender; (c) a joint IP arrangement exists; or (d) direct negotiation has been deemed necessary based on a documented market analysis.</p> <p>Sole sourcing must be approved in line with Council's Financial Delegations, fully documented, and demonstrate alignment with value for money, probity, and public interest.</p>

- Emergency events & post-emergency procurement activities should meet all requirements of the Disaster Recovery Funding Arrangements. In addition, the Value for Money principals will still be applicable.
- Where Council expenditure is funded by the State or Federal Government grant monies the requirement to comply with Division 2 Section 108 of the Act remains unless there are grant conditions which provide alternative arrangements.
- Should the nature of the requirement and the characteristics of the market be such that it is considered a public tender process is not possible, an exemption as outlined in Section 108 3 (d) may be sought from Council.

The Chief Executive Officer may, upon receiving a written explanation, give approval to not advertise or to seek less than the number of quotations required by this Policy. All CEO approved exemptions are to be provided to the Audit and Risk Committee for notification.

#### **6.4.1.2 Additional Specific Council Exemptions**

The following procurements are exempt from the requirements of Market Engagement Methods:

- Sole Supplier - Council deals with several core service sole suppliers where there is no market to test and obtain multiple quotations. Examples of core service sole suppliers are:
  - Professional membership payments and subscriptions (must relate to position held at Council); and
  - Advertising (newspapers, magazines, TV, radio and social media e.g. Facebook and similar).
- Where Council has an existing supplier that is a monopoly or has sole ownership or rights over a service, assets or goods and its use
- Maintenance that is propriety to an asset and can only be performed by a sole supplier
- Plant and equipment servicing and spare parts with certified supplier to maintain a warranty
- Engineering services
- Financial management services
- Labour Hire
- Insurance
- Borrowings
- Payroll expenses - superannuation and PAYG
- Goods and Services Tax payable
- Postage
- VicRoads vehicle registrations
- Councillor expenses - allowances and reimbursements
- Levies e.g. EPA Victoria Levy, Emergency Services Volunteer Fund
- Acquisition of land and buildings
- Medical expenses
- Operating leases
- Traditional Owners (Engagement of Traditional Owners where the primary purpose of the procurement activity is to gather information relating to Aboriginal culturally sensitive issues, including land management considerations pursuant to the *Aboriginal Heritage Act 2006*)
- Venue hire

- External audit fees – Victorian Auditor General’s Office
- Professional workshop and conference registration fees and associated costs
- Specialised staff and Councillor training and professional development
- Vehicle suppliers where the only option is for central online quotations

#### **6.4.2 Urgent Operational Purchases**

There may be rare circumstances where an employee must make small, urgent operational purchase to ensure service continuity, safety, or the immediate functioning of Council operations. In these instances, normal procurement processes – such as raising a purchase order or sourcing quotes – may not be practical or possible due to time sensitivity. Where practical, staff must seek verbal or written pre-approval from their Manager or Director before incurring expense.

The approver must confirm:

- The purchase is justified on urgent operational grounds;
- The employee has no alternative purchasing method;
- The expenditure will fall within the approver’s financial delegation.

Employees must retain and submit:

- An itemised tax invoice/receipt;
- A completed Expense Reimbursement Request Form;
- A brief explanation of the urgency and why standard procurement could not occur.

Urgent purchases must not be used to circumvent procurement rules, supplier panels, or spending thresholds. Ongoing or predictable needs cannot be categorised as urgent; these must follow standard procurement methods.

Any misuse may be reviewed under Council’s Employee Code of Conduct, this Procurement Policy, or internal control processes.

#### **6.5 Tender Evaluation**

Council is committed to ensuring a fair, consistent, and transparent approach to the evaluation of tenders. To uphold these principles:

- Late tenders will not be enabled on Council’s procurement platform and will not be accepted under any circumstances to ensure procedural fairness and integrity.
- Tender evaluation criteria and weightings will be documented and approved prior to issuing any tender to ensure transparency and consistency in assessment.
- An Evaluation Panel comprising appropriately qualified and briefed members will be established for each tender process. The panel will assess submissions objectively against the pre-determined criteria.
- Where beneficial, external representatives with relevant expertise may be included on the Evaluation Panel or engaged as advisors to enhance capability and ensure appropriate oversight.
- All panel members must complete a Conflict-of-Interest declaration before commencing any evaluation activities. Identified conflicts must be managed in accordance with Council’s policies and procedures.

- The evaluation process will be conducted in a manner that is robust, unbiased, and able to withstand internal and external scrutiny.

### 6.6 Statutory Payments

The Chief Executive Officer has authority to approve statutory payments (e.g. Emergency Services & Volunteer Fund, GST, fortnightly payroll expenses and deductions, insurance) to Government and Legislated authorities and in line with legislated requirements that are in excess of the Chief Executive Officer delegations.

### 6.7 Local Price Preference and Local Supply/Local Jobs First

Council wishes to maintain and encourage the development of local industry and commerce including local employment. Council’s preference is to source goods locally from suppliers and contractors within the Council Area and will provide a price weighting preference for Local Supply/Local Jobs First.

A price preference will apply to tenders invited by the Hindmarsh Shire Council, for the supply of goods, services and works, unless Council Officers resolve that this does not apply to a particular tender.

For Local Suppliers, a 2.5% price preference reduction will be weighted.

A summary of weighting Council will use during the tender process:

Criteria	Description	Weighting
Local Supply / Local Jobs First	Percentage of Goods, Services, or Works sourced from within the Council Area	2.5%
	Permanent staff based within the Council Area	1.5%
	Employment of trainees and apprentices from within the Council Area	1.0%

### 6.8 Select Sourcing and Panel Arrangements

Council may, in specific circumstances, engage a limited number of suppliers without conducting a full public tendering process. This select sourcing approach is permitted under this Policy where it is appropriate to the procurement’s value, risk and complexity, and where one or more of the following conditions apply:

- Suppliers are pre-qualified under a panel contract, approved purchasing scheme or collaborative contract (e.g. MAV, Procurement Australia, State Purchase Contracts);
- The market is limited in capacity, expertise or geographical reach (e.g. niche categories or regional delivery constraints);
- An existing agreement provides clear rationale for continued engagement within defined parameters;
- The procurement risk, value, and complexity are proportionate to a streamlined sourcing approach, supported by a documented rationale;
- A previous public tender process was unsuccessful, and Council proceeds to a limited sourcing approach in accordance with Section 6.2.3.

Where Council has established an internal panel or is accessing a collaborative panel contract or approved purchasing scheme, the following provisions apply:

- Council may approve alternate procurement thresholds and sourcing methodologies specific to the panel;
- These must be documented at the time of panel formation (e.g. Panel Award Report or relevant process per Procurement Manual), approval is sought by the appropriate Financial Delegate, and sourcing methodologies for the panel are documented;
- Once endorsed, these thresholds override the standard thresholds set out in Section 6.5 for all procurement conducted under the panel;
- All procurement activities must align with the panel's scope, terms of use, use approved templates and processes.

A procurement exemption may be required only where the procurement exceeds the panel's approved scope or deviates from usage rules.

### **6.8.1 Panel Arrangement Details**

An approved panel supplier refers to a contractor or consultant who has been appointed through an open and competitive tender process. Unless stated otherwise during the tender process, there is no guarantee of minimum sales volume or turnover for any approved panel supplier.

The use of established panels must be transparent, as suppliers appointed to a panel have a reasonable expectation that Council will offer all panel members an equal opportunity to quote for goods, services, or works. Prior to establishing a panel, a documented methodology should outline how work or services will be allocated among the appointed suppliers. The number of contractors or consultants selected should also be carefully considered to ensure the panel remains manageable and effective.

When procuring through an established panel, quotations should be sought in line with the process outlined below, to ensure procurement reflects value for money and competitive practice. For any newly established panel, the initial awarding of contracts requires a Council resolution, regardless of the total contract value.

Where an approved supplier panel has been formed through a competitive, open process, the following purchasing thresholds may be applied to support procurement through those agreements. The threshold will only apply if there is more than one supplier available in the panel to provide (or willing to provide) goods or services at the time of procurement.

Panels are categorised into two types:

**Type 1** – General Panel Suppliers: These include suppliers of goods and services that do not fall into the higher specification category.

**Type 2** – Higher Specification Panel Suppliers: This group includes services such as building construction, landscaping, and other complex projects, which require more detailed specifications and procurement oversight to ensure value for money.

This classification ensures that procurement activities are aligned with the level of complexity and specification required for different services.

**Purchasing Thresholds – Type 1**

Procurement Value (excluding GST)	Approved Panel Supplier Procurement Process (minimum requirement) - Type 1
<\$25,000	<ul style="list-style-type: none"> <li>An approved panel supplier may be appointed directly for works up to \$25,000 where a schedule of rates has been provided under the panel's terms.</li> <li>If a schedule of rates has not been provided under the panel's terms, issue a request in writing to at least one panel supplier.</li> </ul>
\$25,001 – 50,000	<ul style="list-style-type: none"> <li>Issue a request in writing to at least two panel suppliers. Rationale for selecting successful respondent must be documented and saved in Council's EDRMS.</li> </ul>
\$50,001 - \$125,000	<ul style="list-style-type: none"> <li>Issue a request in writing to at least three panel suppliers. Rationale for selecting successful respondent must be documented and saved in Council's EDRMS.</li> </ul>

**Purchasing Thresholds – Type 2**

Procurement Value (excluding GST)	Approved Panel Supplier Procurement Process (minimum requirement) Type 2 – Builders, building construction and landscaping services
<\$15,000	<ul style="list-style-type: none"> <li>An approved panel supplier may be appointed directly for works up to \$15,000 where a schedule of rates has been provided under the panel's terms. If a schedule of rates has not been provided under the panel's terms, issue a request in writing to at least one panel supplier.</li> <li>Rationale for selecting successful respondent must be documented.</li> </ul>
\$15,001 – 25,000	<ul style="list-style-type: none"> <li>Issue a request in writing to at least two panel suppliers. Rationale for selecting successful respondent must be documented and saved in Council's EDRMS.</li> </ul>

Council officers managing panel contracts should consider the practical day-to-day aspects of panel operations. It's important to recognise that a competitive tender process and value-for-money assessment has already occurred when the panel was first established. As a result, there may be instances where requesting additional quotes provides little or no benefit, such as:

- a) For small, routine, low-risk, low-value tasks, particularly those performed by trade services like electricians or plumbers;
- b) When the contract includes a detailed schedule of rates, enabling Council officers to determine the cost of work packages in advance without needing to seek further quotations.

In these situations, it may be appropriate for Council officers to allocate work among panel suppliers based on each supplier's skills, availability, and capacity to meet the required timeframes. This allocation methodology should be clearly defined before the panel is established.

All approved panel suppliers are appointed through a formal tender process and are contracted for the duration specified in the tender documents, including any extension options.

Council will periodically monitor panel suppliers to ensure they meet performance standards - delivering services in a proper, timely, and efficient manner to the reasonable satisfaction of Council. If a supplier

fails to meet expectations, they may be removed from the panel, in accordance with the relevant terms of the service agreement.

The Panel of Preferred Suppliers operates under an open panel arrangement, meaning Council reserves the right to reopen the tender process during the contract term to invite new suppliers if it is deemed beneficial to expand the panel before the contract period ends.

## **7 Delegations**

Delegations define the limitations within which workers are permitted to work. Delegation of financial authority allows specified workers to approve certain purchases, quotation, tender and contractual processes without prior referral to Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Financial delegations ensure accountability and provide confidence to Council and the public that purchasing activities are dealt with at the appropriate level. As such, Council has delegated responsibilities relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotes and tenders and for contract management activities.

Council maintains a documented record of Financial Delegations, identifying the staff authorised to incur expenditure on behalf of Council. This extends to those staff making such procurement commitments in respect of goods, services and works on behalf of Council that are within their Financial Delegations.

## **8 Variation to Contract Spend**

On occasions there may be valid reason(s) when a tendered contract needs to be varied. This variance normally comes with a cost and increases contract spend.

Where the variation to the contract falls within the approved contingency value or approved negotiation range or is deemed to have no material impact on the total project cost as allocated in the adopted budget, the variation may be approved by the relevant Director (within their financial delegation) or the CEO.

Variations outside the total approved project budget, or variations that result in the total contract value being above the threshold of public tender, must be approved by Council.

## **9 Procurement Monitoring, Reporting and Non-Compliance**

Council is committed to transparency, accountability, and continuous improvement in all procurement activities.

The Contracts and Procurement Officer and Finance team is responsible for monitoring procurement performance and compliance with this policy. This includes oversight of:

- Procurement activities and trends
- Use of Procurement exemptions
- Alignment with procurement thresholds and financial delegations
- Documentation and record keeping practices

**9.1.1 Non-compliance Management:**

- Minor or administrative non-compliance will be addressed by relevant Council staff in leadership positions, with a focus on education and corrective action.
- Serious or repeated breaches, or matters involving probity, integrity, or public interest concerns, will be escalated to the Executive Leadership Team and reported to the Audit and Risk Committee and/or Council where required.

Any breach of this Policy may be considered a breach of organisational policy and could result in disciplinary action. Breaches will be assessed in accordance with relevant internal policies and frameworks, including those governing:

- Staff and Councillor conduct
- Fraud and corruption prevention
- Ethical and accountable behaviour

**9.1.2 Ongoing Review and Reporting**

Detailed reporting and monitoring provisions, including documentation standards and escalation protocols, are provided in this Policy.

These processes will be reviewed periodically to ensure they remain aligned with legislative obligations and sector best practice.

This Policy will be reviewed at least once every four (4) years in accordance with the *Local Government Act 2020*, or earlier if required.

**10 References**

Related documents	Legislation
Council Plan, Annual Budget and Long-term Financial Plan Fraud Prevention and Control Policy and Plan Employee Code of Conduct Disciplinary Guidelines Climate Adaption Strategy	<i>Local Government Act 2020</i> <i>Relevant provisions of the Competition and Consumer Act 2010 (Cth)</i> <i>Charter of Human Rights and Responsibilities Act 2006 (Vic)</i> <i>Gender Equality Act 2020;</i> <i>Modern Slavery Act 2018 (Cth);</i> <i>Occupational Health and Safety Act 2004;</i> <i>Working with Children Act 2005 and Working with Children Regulation 2016</i> <i>Freedom of Information Act 1982;</i> <i>Privacy and Data Protection Act 2014;</i> <i>Public Records Act 1973;</i> <i>Building &amp; Construction Industry Security of Payment Act 2002;</i> <i>Local Government (Governance and Integrity) Regulations 2020;</i> <i>Local Government (Planning and Reporting) Regulations 2020; and</i>

	Other relevant Australian Standards or legislation.
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**11 Document Control**

<b>Procurement Policy</b>		<b>Policy Category</b>		Council
<b>Version Number</b>	1.6	<b>Policy Status</b>		ADOPTED
<b>Approved/Adopted By</b>	Council	<b>Approved/Adopted on:</b>		6 May 2026
<b>Responsible Officer</b>	DCCS	<b>Review Date</b>		6 May 2029
<b>Version History</b>	<b>Date</b>	<b>Version</b>	<b>Description</b>	
	February 2018	1.0	Creation of Policy	
	December 2020	1.1	Policy Update	
	August 2021	1.2	Review of Policy to comply with new LGA 2020	
	July 2022	1.3	Policy Update	
	April 2024	1.4	Policy Update and review of Cumulative Spend provisions	
	October 2025	1.5	Policy Update in line with MAV Model Procurement Policy	
	May 2026	1.6	Updated to include Related Party Procurement Appendix and minor variations within main Policy.	

## Appendix 1 Related Party Procurement Policy

### 1 Purpose

To uphold the highest standards of probity, transparency, and public confidence in Council procurement, this policy establishes mandatory requirements for enhanced market engagement where a related party is identified in any procurement process.

### 2 Scope

This policy applies to all procurement activities undertaken by Hindmarsh Shire Council, including the acquisition of goods, services, and works, regardless of value or complexity. It is binding upon all Council officers, Councillors, contractors, consultants, and third parties acting on behalf of Council. This policy must be read in conjunction with the Hindmarsh Shire Council Procurement Policy and applies in addition to any legislative or regulatory requirements governing procurement, including the *Local Government Act 2020*.

### 3 Definitions

<b>Council</b>	means Hindmarsh Shire Council
<b>Conflict of Interest</b>	means a situation where a person's private interests could improperly influence, or be seen to influence, their official duties and responsibilities in the procurement process
<b>EDRMS</b>	means Council's Electronic Document and Records Management System
<b>Market Engagement</b>	means process of inviting and evaluating offers from suppliers, including quotations, tenders, and expressions of interest, to ensure open and fair competition
<b>Probity</b>	means the evidence of ethical behaviour, integrity, uprightness, and honesty in a process, ensuring accountability, transparency, and fair treatment of all parties
<b>Related Parties</b>	means any supplier, consultant, contractor, or tenderer who has an actual, potential, or perceived personal, familial, or business relationship with a Council officer, Councillor, contractor, consultant, or evaluation panel member involved in the procurement process.

### 4 Policy

Council will require enhanced market engagement and strict conflict of interest declarations whenever a Councillor, Council employee, or related party has a financial interest in any business involved in a procurement process.

- a) Councillors and Council employees who own or have a financial interest in a business may submit a tender or quotation for goods and/or services to Council. However, they must declare any

conflict of interest to the Chief Executive Officer prior to submission, or as part of their Tender/Offer documentation.

- b) Council employees who own or have a financial interest in a business must not directly procure goods and/or services from these businesses on behalf of Council.
- c) Council employees must declare any financial interest in a business to the Chief Executive Officer upon commencement of employment, or when such an interest is acquired.
- d) Council will not hire, lease, or contract goods, services, or works over \$200 (excl. GST) from any business or entity without additional market testing, as included below (e), where:
  - A Council employee owns, leases, or has a financial interest in the business;
  - A Council employee's immediate family or household member owns, leases, or has a financial interest in the business;
  - A Council employee's business or trust owns, leases, or has a financial interest in the business.
- e) Where a related party is identified in any procurement process, Council will require additional market engagement, including:
  - Inviting at least one additional supplier to quote or tender above the minimum threshold;
  - Utilising open market approaches (such as public tender or open Expressions of Interest) wherever practical;
  - Ensuring all communications and decisions are fully documented and conducted via official Council channels.
- f) All declarations of interest and market engagement steps must be recorded in Council's Electronic Document and Records Management System (EDRMS) for audit and transparency purposes.

## **5 Responsibilities**

### **5.1 Council Officers**

Must declare any actual, potential, or perceived financial interest or relationship with a supplier, contractor, or tenderer prior to the commencement of any procurement process. Responsible for ensuring compliance with conflict of interest requirements and for refraining from participating in procurement activities where a conflict exists.

### **5.2 Contracts and Procurement Officer**

Responsible for overseeing the procurement process, advising on appropriate market engagement methods, and ensuring all declarations and documentation are recorded in the Electronic Document and Records Management System (EDRMS).

### **5.3 Evaluation Panel Members**

Must complete Conflict of Interest and Confidentiality Declarations before participating in any evaluation process. Responsible for applying objective criteria and ensuring no member has a connection to any related party involved.

### **5.4 Chief Executive Officer or Delegate**

Responsible for receiving and reviewing declarations of interest, approving additional market engagement measures, and ensuring that any procurement involving related parties is reported to the Audit & Risk Committee.

### **5.5 Audit and Risk Committee**

Responsible for oversight of procurement activities involving related parties, reviewing reports on additional market engagement, and ensuring compliance with Council policy and legislative requirements.