

# 2023-24 BUDGET



FINANCE POLICIES



# Debt Policy 2023-2024 (Statutory)

## 1. PURPOSE

The purpose of the Debt Policy is to outline Council's intentions for future new borrowings and the time for repaying existing borrowings.

## 2. SCOPE & AUTHORITY

This policy applies to all current and future borrowings proposed by Council to comply with Section 192 of the Local Government Regulation 2012. Council is required to adopt a debt policy each year which must state—

- (a) the new borrowings planned for the current financial year and the next 9 financial years; and
- (b) the time over which the local government plans to repay existing and new borrowings.

## 3. POLICY STATEMENT

### 3.1 Purposes for which borrowing is allowable

Council shall, where necessary, undertake borrowing for the following purposes and is subject to the following restrictions in addition to those imposed elsewhere in this policy:-

#### a. Roadworks's construction / reconstruction

- Construction / Reconstruction to bitumen or equivalent standard
- Construction / Reconstruction of major road drainage works
- Plant to undertake roadworks

#### b. Bridgework's construction / reconstruction

- Construction / Reconstruction of major bridges

#### c. Water Supply Infrastructure construction / reconstruction

- Any construction / reconstruction which cannot be funded from revenue
- Any water allocation requirements for water security

#### d. Urban Wastewater Infrastructure construction / reconstruction

- Any construction / reconstruction which cannot be funded from revenue

#### e. Aerodrome construction / reconstruction

- Aerodrome pavement reconstruction

#### f. Building construction / reconstruction

- Major public building construction / reconstruction
- Upgrade of infrastructure services depot St George
- Land development for residential or other purposes including construction of housing

#### g. Drainage works construction / reconstruction

- Major storm water drainage works / flood mitigation works

#### h. Community Services Infrastructure

- Major Recreation / Sport / Economic Development / Cultural infrastructure construction / reconstruction which cannot be funded from revenue





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- i. Wild Dog Exclusion Fence Scheme**
  - Any debt incurred with respect to providing Wild Dog Exclusion Fencing will be recouped by a special rate over a land holders land over a 25-year period.
- j. Beautification Special Rate Scheme**
  - Council may initiate borrowings for a beautification scheme to provide a special benefit to business houses to improve the façade and/or offer energy efficiency within the boundary of the shire. Any debt incurred with respect to provide a beautification scheme would be recouped by a special rate over a landholder's land over a max 25-year period.

## 3.2 Financial constraints on borrowing

### a. General Programmes

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's general rate revenue unless specifically authorised otherwise by resolution of Council.

### b. Urban Water Programme

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's urban water utility charge revenue unless specifically authorised otherwise by resolution of Council.

### c. Urban Wastewater Programme

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's Urban Wastewater utility charge revenue unless specifically authorised otherwise by resolution of Council.

## 3.3 Method of borrowing

Council will borrow from the Queensland Treasury Corporation.

## 3.4 Terms of borrowing

The repayment period of a loan shall not exceed the useful life of the asset being created. For example:- A loan for the construction of a bitumen road with an expected life of 15 years shall not have a repayment period in excess of 15 years.

The Wild Dog Exclusion Fence Scheme or Beautification special rate scheme will be for a loan period of 25 years and will be recouped by a special levy over a land holders land.

## 3.5 Borrowing programme

Council had approved borrowings up to \$8,540,987m (including capitalised interest) that could be drawn down by instalments from 1 July 2019 to 30 June 2021 for the Wild Dog Exclusion Fence Scheme. A total of \$4,685,445.32 was drawn down in Rounds 1 and 2 of the Wild Dog Exclusion Fence Scheme. Revenue will be raised via a special rate to repay the loans itemised below. Actual borrowings are stated in the table below. No further borrowings are proposed beyond 2022/23 financial year for wild dog exclusion fencing.

During 2023/24 Council plans to make an application for \$4 million to upgrade the infrastructure depot at St George.

## 3.6 Existing borrowings

Council's existing borrowings shall be redeemed over the period originally negotiated, excepting that Council may negotiate new repayment schedules which shorten the term of the loan.



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Where the provisions of this borrowing policy allow, loans which fall due for conversion shall be fully redeemed at the time specified for conversion.

Loans which fall due for conversion, and are to be renegotiated, shall be renegotiated as if they are new loans under this borrowing policy.

Start Date	Amount Borrowed	Balance as at 31/05/2023 (except where Nil stated)	Purpose of Borrowing	Annual Repayments with Interest	Remaining (Years) Repayment Terms	Interest Rate
15/06/2012	\$ 900,000	\$531,253	Water	\$ 71,342.76	15/06/2032	4.8860
15/06/2012	\$2,100,000	\$1,284,590	Administration Building	\$166,466.48	15/06/2032	4.8860
15/11/2019	\$472,171.44	\$493,404	WDEF Round 1 – Drawdown 1	Nil repayments for 2 years \$10,609.60 for 3 years \$38,423.96 for 15 years	15/09/2039	2.0450
02/12/2019	\$477,642.28	\$497,096	WDEF Round 1 – Drawdown 2	Nil repayments for 2 years \$9,930.08 for 3 years \$38,296.96 for 15 years	15/09/2039	1.8910
31/01/2020	\$2,224,436.49	\$2,316,110	WDEF Round 1 – Drawdown 3	Nil repayments for 2 years \$44,888.72 for 3 years \$177,687.04 for 15 years	15/12/2039	1.8310
18/12/2020	\$1,228,806.03	\$1,281,352	WDEF Round 2 – Drawdown 4	Nil repayments for 2 years	15/12/2040	1.7920
14/05/2021	282,389.08	\$297,561	WDEF Round 2 – Drawdown 5	Nil repayments for 2 years	14/05/2041	2.4490

## 4. RESPONSIBILITIES

### 4.1 All Councillors and Council employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy when considering new borrowings in the course of council business.

### 4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy.

### 4.2 Director Finance and Corporate Services

- Shall be the custodian of this policy



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- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy.

## 4.3 Chief Executive Officer

- Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and the relevant legislative requirements.

## 5. RISK

The Debt policy seeks to outline Council's plan for new borrowings and how Council plans to repay existing borrowings. This reduces the risk of increasing Council's Net Financial Liabilities ratio. The policy also provides transparency to the community on Council's current and non-current liabilities.

## 6. IMPACTS

**Corporate Plan:** The Policy is consistent with the Governance Goal and Program Areas of financial management for long term sustainability.

**Human Rights Compatibility Statement:** This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

**Engagement:** This policy has been developed in consultation with the Senior Leadership Group and Council.

## 7. RELATED LAWS

- *Local Government Act 2009 Section 104*
- *Local Government Regulation 2012 Section 192*

## 8. RELATED DOCUMENTS

- *Budget 2023-2024*

## 9. REVISION HISTORY

**Revokes:** Debt Policy 2022/2023 adopted 27 October 2022, 29 June 2029 (Doc ID 616168)

**Previous approved versions:** 29/06/2023

**Suggested to review by:** Annually reviewed



# Investment Policy (Statutory)

## 1. PURPOSE

The purpose of this Policy is to outline Council's Investment strategies. The Policy aims:

- To invest Council Funds not immediately required for financial commitments.
- To maximise earning from authorised investments of such surplus funds after assessing counterparty, market and liquidity risks.

## 2. SCOPE & AUTHORITY

The intent of this document is to outline Balonne Shire Council's investment policy and guidelines regarding the investment of surplus funds, with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.

Investments will be managed with the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. This includes having in place appropriate reporting requirements that ensure the investments are being reviewed and overseen regularly.

Investment officers are to manage the investment portfolios not for speculation, but for investment and in accordance with the spirit of this Investment Policy. Investment officers are to avoid any transaction that might harm confidence in Council. They will consider the safety of capital and income objectives when making an investment decision.

The policy is required under Local Government Act 2009 Section 104. *Local Government Regulation 2012 Section 191 requires:*

- (1) A local government must prepare and adopt an investment policy.
- (2) The investment policy must outline—
  - (a) the local government's investment objectives and overall risk philosophy; and
  - (b) procedures for achieving the goals related to investment stated in the policy.

Investment of Council funds is to be in accordance with Council's powers to invest under the *Statutory Bodies Financial Arrangements Act 1982*, as amended and the *Statutory Bodies Financial Arrangements Regulation 2007(SBFA)*.

## 3. POLICY STATEMENT

### 3.1 TERM OF INVESTMENT

Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. The term to maturity of Council investments should not exceed one year.

### 3.2 AUTHORISED INVESTMENTS (selected from permitted investments under SBFA)

- Interest Bearing Deposits with a licensed bank.
- Deposits with Queensland Treasury Corporation.
- Deposits with a building society or credit union specifically approved by Council for investment purposes.

### 3.3 APPROVED BUILDING SOCIETIES AND CREDIT UNIONS

Nil





# Investment Policy (Statutory)

## 3.4 QUOTATIONS ON INVESTMENTS

When investing with banks, approved building societies or credit unions, not less than three quotes shall be obtained. Quotes shall be sourced from organisations with shopfront premises within the Shire. The best quote on the day will be successful after having regard to administrative and banking costs and fair value adjustments for credit rating of the institution and term of investment.

## 3.5 CALCULATING FAIR VALUE

When placing investments, consideration shall be given to the effective interest rate offered, the credit rating of the institution and term of investment.

Rates will be compared using Queensland Treasury Corporation Fair Value Model.

## 3.6 PRIORITY OF FUNDS PLACEMENT

Investments will be placed to maximise interest income within acceptable risk standards. Consideration will be given to term to maturity and the amount Council would be compelled to hold to meet liabilities as and when they fall due, thus maximising funds available for investment.

## 3.7 REPORTING

A monthly report shall be provided to Council, detailing the investment portfolio in terms of performance and counterparty exposure. The report will also detail investment income earned versus budget year to date.

## 4. RESPONSIBILITIES

### 4.1 All Councillors and Council employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy and when seeking to invest Council funds in the course of council business.

### 4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy and relevant legislative requirements.

### 4.2 Director Finance and Corporate Services

- Shall be the custodian of this policy
- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy

### 4.3 Chief Executive Officer

- 4.4 Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and relevant legislative provisions. Authority for the implementation of the investment policy is delegated by Council to the Chief Executive Officer. The Chief Executive Officer may delegate this authority to the Director of Finance and Corporate Services in accordance with the *Local Government Act 2009*, Section 257-Delegation of local government powers and Section 259 - Delegation of Chief Executive Officer powers.

## 5. RISK

This policy seeks to address the risk of non-compliance and poor investment strategies that will impact Council's financial sustainability. The policy aims to ensure investment decisions are in accordance with legislative requirements and maximise the return to Council.

## 6. IMPACTS



# Investment Policy (Statutory)

**Corporate Plan:** Governance Goal – Program area 5.7 – Financial management for long term sustainability.

**Human Rights Compatibility Statement:** This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

**Engagement:** This policy has been developed in consultation with the Senior Leadership Group and Council.

## RELATED LAWS

- Local Government Act 2009
- Local Government Regulations 2012
- Statutory Bodies Financial Arrangements Act 1982, as amended
- Statutory Bodies Financial Arrangements Regulation 2007(SBFA)

## 7. RELATED DOCUMENTS

- Budget 2023-2024

## 8. REVISION HISTORY

**Revokes:** Investment Policy 30/06/2022

**Suggested to review by:** Annual review





# Procurement - Council Policy (Statutory)

## 1. PURPOSE

Procurement represents a significant component of the Council's annual spend and covers a range of activities in acquiring goods and services in support of its key objectives and priorities. Through procurement, Council provides a major financial input into the economy of the region.

The purpose of this policy and the subordinate Procurement Procedures, is to provide direction to all officers when undertaking procurement and disposal activities in accordance with Council's procurement objectives and with regard to the sound contracting principles stipulated in Section 104 (3) of the Local Government Act 2009:

- a) value for money; and
- b) open and effective competition; and
- c) the development of competitive local business and industry; and
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

The policy also stipulates the requirements regarding the disposal of valuable non-current assets, including land.

## 2. SCOPE & AUTHORITY

This Policy applies to all activities undertaken by Council for the procurement of goods, equipment and related services, construction contracts, service contracts (including maintenance) and consultancy services as defined in the Local Government Act 2009 (Qld) and the Local Government Regulations 2012 (Qld).

It is mandatory for all Councillors and Council employees to undertake any procurement, purchasing or contracting activities in compliance with this Policy, including related to:

- a) the carrying out of work; or
- b) the supply of goods and services; or
- c) the disposal of non-current assets.

This policy is a requirement of the Local Government Regulation 2012 (Qld), Section 198 which states:

### **198 Procurement policy**

- (1) A local government must prepare and adopt a policy about procurement (a procurement policy).
- (2) The procurement policy must include details of the principles, including the sound contracting principles, that the local government will apply in the financial year for purchasing goods and services.
- (3) A local government must review its procurement policy annually.

Council will also maintain Procurement Procedures which will be reviewed annually. As a minimum, the Purchasing Procedures will provide information on:

- Overview of Council's procurement function
- Responsibilities and accountabilities for procurement within Council
- Procedures for purchasing goods and services

## 3. POLICY STATEMENT

### 3.1 Default Contracting Procedures

Council has not decided to apply the Strategic Approach (refer Part 2 Chapter 6 of the Regulation) to Council's Procurement Activities.



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Council therefore operates under the Default Contracting Procedures (refer Part 3 Chapter 6 of the Regulation) which sets out prescribed requirements for Medium Sized Contractual Arrangements, Large Sized Contractual Arrangements and Valuable Non-Current Asset Contracts.

Accordingly, no Contract Manual (refer Section 222 of the Regulation) is required to be developed.

## 3.2 Application of the Sound Contracting Principles

All Council procurement activity must have regard to all five Sound Contracting Principles stipulated in Section 104 (3) of the Local Government Act 2009:

- a) value for money; and
- b) open and effective competition; and
- c) the development of competitive local business and industry; and
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

These Principles are described further in Attachment A.

## 3.3 Purchasing Thresholds and Requirements

Unless an exception is made in accordance with the Local Government Regulation 2012 Division 3, Council will apply the following threshold levels for the provision of goods and services include the carrying out of work:

- a) *For purchases expected to be less than \$1,001 (GST Exclusive)*
  - At least one (1) verbal or written quote (or estimate) is to be obtained and recorded on the requisition or purchase order.
  - Purchases are to be made locally where local suppliers exist.
- b) *For purchase expected to be >\$1,000 to <\$5,000 (GST Exclusive)*
  - Where possible, a minimum of two (2) written quotes are to be obtained and recorded. Verbal quotes may be accepted but they must be supported by confirming documents (i.e. email or written confirmation).
  - At least one (1) quote shall be sought from a local supplier where possible.
  - Where more than one local supplier exists at least two (2) should be asked to quote.
- c) *For purchase expected to be >\$5,000 to <\$15,000 (GST Exclusive)*
  - Where possible, a minimum of three (3) written quotes should be obtained and recorded. Verbal quotes may not be accepted. At least one (1) quote shall be sought from a local supplier where possible.
  - Where more than one local supplier exists three (3), if available, should be asked to quote.
- d) *For Medium Sized purchase contracts expected to be >\$15,000 - <\$200,000 (GST Exclusive)*
  - Officers must invite a minimum of three (3) suppliers to provide a quotation in writing. Verbal quotes will not be accepted.
  - Where more than one local supplier exists three (3), if available, should be asked to quote.
  - Where practical quotes should be sought from outside the Shire to ensure Council adequately tests the market.
  - The threshold is to be calculated over the full term of the contract
- e) *For Large Sized purchase contracts expected to be greater than \$200,000 (GST Exclusive)*
  - Public Tender required or exercise of a legislated exception (see section 6) in accordance with Section 228 the Regulation unless the provisions for an Exception as provided for under sections 230-235 of the Regulation.
  - Public notices will be advertised on Council's website through a web based tender portal and local newspapers circulating in the Region.
  - Details of all contracts and tenders entered by Council > \$200,000 will be published on Council's website.
  - The threshold is to be calculated over the full term of the contract



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These are the minimum requirements for purchases, and there may be instances at the requesting officer discretion, where it is prudent to obtain more quotations than are documented above.

## 3.4 Public Tenders

Where Council invites written tenders for large sized contracts this will be conducted in accordance with Section 228 of the Regulation.

Council may choose to undertake a public tender where the value of the goods, services or works does not reach the legislated threshold limit. This may be because there is an increased need for transparency in a particular purchase or to mitigate risk.

Tenders will be advertised in the local newspapers circulating in the Region and may from time to time advertise in a wider print media range. Tenders will be run using Council's on-line tender portal Vendor Panel.

## 3.5 Expressions of Interest

Where Council invites expressions of interest (EOI's) it must do so by resolution. The resolution should include Council's reason for utilising this methodology (e.g. it is unsure or the scope of the service required or is unsure of the overall value of the resulting contract or that it would be in the public interest or that it is seeking to establish a Register of Approved Contractors) and must be minuted at the meeting at which the resolution was made.

EOI's must be released in the public domain for a minimum period of twenty-one (21) days and once submissions have been received, evaluated and short-listed, a closed tender must be released for a further period of twenty-one (21) days.

## 3.6 Exceptions for medium-sized and large-sized contractual arrangements

Council may enter into to medium-sized and large-sized contractual arrangements without first inviting competitive quotes or tenders as provided for under Sections 230 to 234 of the Local Government Regulations 2012 (Qld) if one of the alternative methods is used:

- a) A Quote or Tender Consideration Plan (refer Section 230)
- b) An approved contractor list (refer Section 231)
- c) A register of pre-qualified suppliers (refer Section 232)
- d) A Preferred Supplier Arrangement (PSA) (refer Section 233)
- e) An LGA arrangement (Local Buy) (refer Section 234)

Each of these exceptions is explained further in Attachment B.

## 3.7 Other Exceptions

In accordance with section 235 Council may enter into a contract for a Medium or Large-Sized Contractual Arrangement without first seeking written quotes or inviting tenders if:

- a) The local government resolves it is satisfied that there is only 1 supplier reasonably available; or
- b) The local government resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or
- c) A genuine emergency exists; or
- d) The contract is for the purchase of goods and is made by auction; or
- e) The contract is for the purchase of second-hand goods; or
- f) The contract is made with, or under an arrangement with, a government agency.

With regards to a genuine emergency as referred to in (c) above, Council recognises that that full compliance with the Procurement Policy may not support Council's needs during a critical or emergency incident, and as such, an alternative procurement process





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may operate during such incidents. This alternative process aims to accommodate urgent Council needs, while ensuring that the process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

For the purposes of this Policy the term “Emergency” means a sudden or unexpected occurrence requiring immediate action. Any emergency procurement must be authorised by the Chief Executive Officer, once a critical or emergency incident has been declared. Such incidents include:

- a) A state of disaster declared under the Disaster Management Act 2003, or any other emergency declaration made by the State’s Premier under an enactment; or
- b) Any incident declared by the Chief Executive Officer where the safety or security of any person or property associated with the Council is threatened; or
- c) An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, normal procurement procedures will be resumed.

As soon as practical, upon cessation of the emergency, a report must be presented to Council to authorise the unapproved expenditure, where this expenditure exceeds delegation, and the methodology by which it was incurred. The Council resolution must define the genuine emergency situation (natural disaster), as well as delegated authority.

### 3.8 Financial and Contractual Delegations

The Chief Executive Officer delegates to other positions within Council authority for the officer holding that position to approve expenditure of budgeted funds up to a defined dollar amount.

The Chief Executive Officer can also delegate to other positions within Council the authority to enter into a contract for expenditure of funds up to a set dollar amount. The two are mutually exclusive and if no contractual delegations have been provided to other positions within Council, the Chief Executive Officer or the Council are the only approved delegates able to enter into a contractual arrangement.

No officer may expend funds or enter into a contractual arrangement on behalf of Council unless:

- a) The officer has been granted the financial and/or contractual delegation by the Chief Executive Officer and this delegation has been recorded in the register of delegations prior to the activity occurring
- b) The expenditure is provided for in Council’s budget
- c) The officer has received training in Council’s procurement systems and procedures, or
- d) There is a genuine emergency as outlined above in this policy

### 3.9 Publishing of Contracts entered into that exceed \$200,000 (excluding GST)

Council will display contracts over \$200,000 excluding GST in accordance with Section 237 of the Regulations on Council’s website. Details of this must include the person (or company or corporation) with whom it entered into the contract, the total contract value and purchase for which with contract was developed. It can also include the method of making the contract i.e. tender, LGA arrangement etc. Council will not release proprietary or confidential information pertaining to any supplier other than that which is required by law.

### 3.10 Procurement and Probity Plan, Auditor/Advisor

For procurements over \$200,000 (excluding GST) in value and where there is significant risk, a Procurement and Probity plan must be developed which incorporates planning to ensure value for money, risk management and internal controls.

For procurements over \$1,000,000 (excluding GST) in value and where there is significant risk, the appointment of an external Probity Auditor/advisor is required.

The purchase of capital equipment such as items listed within Councils Fleet and Plant replacement program are excluded from these requirements.



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## 3.11 Sustainable and Social Procurement

Sustainable procurement is the purchase of goods or services that have a reduced negative impact on the environment when compared with competing products or services that serve the same purpose. When compiling any procurement documentation including tenders, contracts, quotes or purchasing arrangements, Council's sustainability (environmental policy) requirements must be clearly identified.

Priority areas that Council should give consideration to, but not be limited to, are the following:

- a) Renewable natural and paper products from sustainable sources
- b) Chemical based products such as cleaning products, pesticides or soil enhancers
- c) Products with a high degree of durability ie. avoiding disposable products where possible, and
- d) Energy efficient products

Social procurement focuses on human aspects and social equity. Social procurement considers diversity, ethics, acceptance, fairness, compassion, inclusiveness and access for people of diverse abilities. It generates positive outcomes for people and contributes towards building stronger and more resilient communities.

Priority areas that Council should give consideration to, but not be limited to, are the following:

- a) Products and services that can improve the overall quality of life in the local community, and
- b) Products and services that can improve equity of access to services and opportunities

Any sustainable and social procurement must be conducted in line with the sound contracting principles and other legislative requirements.

## 3.12 Conflicts of Interest

There are two steps in identifying a 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. 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.

## 3.13 Variations

A variation is an agreed amendment to a contract that changes the original terms, conditions or scope of the contract. For the purpose of this policy, variation refers solely to a financial deviation from original contract value. The contract can be a Council purchase order or agreement signed by an Authorised Delegate with an external service provider/organisation. Other variations such as non-financial scope changes, extension of time etc. are to be managed by delegated council officers.

Variation procedures for contracts are as follows:

- a) Each variation can only be approved in writing by a delegated officer up to their authorised financial and contractual delegation
- b) The delegated officer must verify that funds are in approved budgets to meet the costs prior to the variation being actioned
- c) Each variation requires an additional line item on the purchase order stating the change in scope
- d) and cost;
- e) Officers must ensure that the contract variations are not of such a level that they significantly change the contract requirements and/or substantial parts of the original procurement. If this is the case, it may be necessary to undertake



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another procurement process if the revised arrangements are substantially different to those selected during the original procurement.

## 3.14 National Competition Policy

Council must ensure that when evaluating bids submitted by commercialised government entities, or other significant government businesses, that tenders conform to the legislation on competitive neutrality under Section 15 of the Local Government Regulations 2012 (Qld).

The principle underlying competitive neutrality is that government businesses should not enjoy any net competitive advantage simply by virtue of their public sector ownership.

## 3.15 State or Federal Government Grants

When Council expenditure is funded from a State or Federal Government grant, the requirement to comply with Section 224 to 229 of the Regulations remains unless there are grant conditions which provide alternative arrangements. This may arise where Council's role in the funding arrangement is that of "fund manager" and passes on funds from one level of government to another body.

## 3.16 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 are Utilities, Insurances, IT Licences, Vehicle Registration. Please see Attachment C for a list of example allowable Council expenditure of this nature.

## 3.17 Caretaker Period

A Caretaker Period is defined by the Local Government Act 2009 (Qld) Sections 90A to 90D and refers to the period during an election for the local government.

As described in Section 90B of the Act, Council must not make a major policy decision during any caretaker period 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, Council may be liable for legal proceedings and/or compensation to the other party of the contract who has acted in good faith as the Contract may be considered to be an invalid policy decision.

Exceptional circumstances would in general be considered to fall into the emergency provisions as listed previously.

If Council considers that, having regard to exceptional circumstances that apply, it is necessary to make the major policy decision in the public interest, the local government must apply to the Minister responsible for Local Government for approval to make the decision.

## 3.18 Valuable non-current asset contracts (Disposals)

As described in further detail in Section 227 of the Local Government Regulations, Council cannot enter into a valuable non-current asset contract unless it first:

- a) Invites written tenders for the contract in accordance with the tender process set out section 228 of the Regulation; or
- b) Offers the non-current asset for sale by auction.

For the purpose of this policy, a valuable non-current asset is:





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- a) land; or
- b) or another non-current asset with an apparent value that is equal to, or more than:
  - i. for plant or equipment - \$5000;
  - ii. for another type of non-current asset - \$10,000

Goods with an apparent value of less than the above thresholds do not have to be auctioned or tendered and can be disposed of at the discretion of the CEO. In exercising this discretion, the CEO will have consideration to the following principles: a) Open and effective competition; b) The best return for Council; c) Environmental protection; and d) Ethical behaviour and fair dealing.

As described in further detail in Section 236 of the Local Government Regulations, Council may dispose of valuable non-current assets other than by tender or auction if:

- a) The valuable non-current asset:
  - i. Was previously offered for sale by tender or auction and was not sold; and
  - ii. Is sold for more than the highest tender or auction bid that was received; or
- b) The valuable non-current asset is disposed of to:
  - i. A government agency; or
  - ii. A community organisation; or
- c) For the disposal of land or an interest in land –
  - i. The land will not be rateable land after the disposal; or
  - ii. The land is disposed of to a person whose restored enjoyment of the land is consistent with Aboriginal tradition or Island custom; or
  - iii. the disposal is for the purpose of renewing the lease of land to the existing tenant of the land;
  - iv. the land is disposed of to a person who owns adjoining land if –
  - v. all or some of the consideration for the disposal is consideration other than money, for example, other land given in exchange for the disposal; if –
  - vi. the disposal is for the purpose of a lease for a telecommunication tower; or
  - vii. the disposal is of an interest in land that is used as an airport or for related purposes if –
- d) for the disposal of a valuable non-current asset, other than land, by way of a trade-in for the supply of goods or services to the local government -
- e) the Minister exempts the local government from complying with section 227.

It is important to reference the full details of Section 236 of the Local Government Regulations if intending to exercise one of these exemptions, as they are only described in this policy in summary form and further conditions and obligations are described in the Regulations.

## 4. RESPONSIBILITIES

### 4.1 All Councillors and Council Employees:

It is mandatory for all Councillors and Council employees to undertake any procurement, purchasing or contracting activities in compliance with this Policy and the subordinate Procurement Procedures, and to create and retain all related documentation including related to:

- the carrying out of work; or
- the supply of goods and services; or
- the disposal of non-current assets.

### 4.2 Managers and Directors

- are obliged to respect, promote and act compatibly with the principles described in this policy the subordinate Procurement Procedures
- must implement localised processes to ensure compliance with this policy



# Procurement - Council Policy (Statutory)

## 4.3 Director, Finance & Corporate Services.

- Shall be the custodian of this policy
- Shall implement control measures that provide assurance that Council acts in accordance with the policy and the subordinate Procurement Procedures

## 4.4 Chief Executive Officer

- Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and the subordinate Procurement Procedures.

## 5. RISK

Procurement and Purchasing are essential functions which advance the priorities and outcomes of Council and must be conducted in a manner that achieves value for money together with probity and accountability. Council must also meet its legislative requirements under the Act and the Regulations.

Personal and corporate penalties may attach to any situation involving non-adherence with this Policy, whether deliberately or through negligence. The Chief Executive Officer has a legislative obligation to advise the Crime and Corruption Commission if there is a reasonable suspicion of corrupt conduct.

Internal controls are an important governance aspect to ensure compliance with the Policy. Sufficient internal controls must be established for assurance purposes, including reviews and audits of processes with a report to the Audit Committee on any breaches identified.

An effective procurement function should provide to its organisation the following risk mitigation 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 regards to the organisation's particular circumstances.
- Reduce the risk of conflicts of interest and unethical or illegal behaviours.

## 6. IMPACTS

**Corporate Plan:** Goal – 5. Governance; Program Areas – 5.4 High levels of accountability and compliance; 5.5 Financial management for long-term sustainability

**Human Rights Compatibility Statement:** This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019

**Engagement:** This policy has been developed with guidance from Qld State Government resources, Council's Auditors and Audit and Risk Committee and in consultation with the Senior Leadership Group

## 7. RELATED LAWS

- Competition and Consumer Act 2010 (Qld)



# Procurement - Council Policy (Statutory)

- Local Government Act 2009 (Qld)
- Local Government Regulations 2012 (Qld)

Sections particularly relating to this policy include:

Section 198	Procurement Policy
Section 225	Medium-sized contract – quotes needed first (up to \$200,000.00)
Section 226	Large-sized contract – tenders needed first (\$200,000.00 or more)
Section 228	Tender process
Section 231	Exception for contractors on an approved contractors list
Section 232	Exception for register of pre-qualified suppliers
Section 233	Exception for a preferred supplier arrangement
Section 234	Exception for an LGA arrangement
Section 235	Other exceptions
Section 237	Publishing details of contracts worth \$200,000.00 or more

- Public Sector Ethics Act 1994 (Qld)
- Trade Practices Act 1974 (Qld)
- Work Health and Safety Act 2011 (Qld)

## 8. RELATED COUNCIL DOCUMENTS

- Code of Conduct for Employees
- Financial Delegations
- Procurement Procedures

## 9. REVISION HISTORY

**Revokes:** Procurement Policy # 67631 Version 2 Adopted by Council 20/12/2018 and 569222 Version 3 adopted by Council 18/11/2021

**Previous approved versions:**

All previous versions of Council Procurement Policy

All previous versions of Council Purchasing policy

**Suggested to review by:** 30/06/2023. This policy must be reviewed annually or when any changes to the relevant legislation requires it to be amended. Council must adopt the Policy annually even if no amendments have been made. Council's Audit and Risk Committee will also periodically review the Procurement Policy and Procedure and related implementation and internal controls.

## 10. DEFINITIONS

**Approving Officer** means the Officer who verifies that the required documentation is present, the goods/services have been received by Council and that the account is correct for payment and who then approves payment of a suppliers claim under authority delegated by the Chief Executive Officer under Chapter 7 Part 5 Section 259 of the Local Government Act 2009 or by virtue of the authority vested in the officer's appointment.





# Procurement - Council Policy (Statutory)

**Authorised Officer** means an officer or agent of Council making, varying or discharging a contract under authority delegated by the Chief Executive Officer under Chapter 7 Part 5 Section 259 of the Local Government Act 2009 or by virtue of the authority vested in the officer's appointment.

**Cardholder** means a financially delegated officer of Council to whom the issue of a Corporate Credit Card or Fuel Card has been approved.

**CEO** means the Chief Executive Officer of the Balonne Shire Council appointed in accordance with the Local Government Act 2009.

**Consultant** means a person or entity engaged under contract on a temporary basis to provide professional advice to assist decision making by Management and Council, to temporarily fill staff vacancies unable to be filled through the recruitment process and to assist in the management of project/program delivery which is temporarily beyond the Council's capacity.

**Contract** means the power to bind Council. Contracts may be written documents signed by all parties but a purchase order or field requisition will also constitute a contract for the supply of goods and / or services for the purpose of these procedures.

**Council** means Balonne Shire Council, its elected Councillors, its management and its employees.

**Council Employees** means all permanent, casual and temporary employees, contractors, volunteers, apprentices, trainees and work experience students.

**Council Outcomes** means the outcomes as prioritised by Council to meet strategic objectives as outlined in Council's Corporate Plan.

**Disposal** means non-consumable items (assets) including land, machinery and plant that is no longer required by Council.

**EDMS** means Council's Electronic Document Management System, "Magiq"

**Emergency** means a sudden or unexpected occurrence requiring immediate action.

**Goods and Services** means all types of goods, services and works, including building and construction services.

**GST** means Goods and Services tax, A New Tax System (Goods and Services Tax) Act 1999 and related Acts.

**Local** means within the Balonne Shire and all its communities.

**Local Supplier** means a business which:

- (a) Is beneficially owned by persons who are residents and/or ratepayers of communities in the Balonne Shire;
- (b) Has its principal place of business within any community located in the Balonne Shire; and
- (c) Otherwise has a place of business within any community located in the Balonne Shire that employs persons who are residents and/or ratepayers of the Shire.

**Local Government Arrangement** means a purchasing arrangement entered into by:

- (a) the Local Government Association of Queensland (LGAQ Ltd); and
- (b) that would be a purchasing arrangement if entered into by Council (eg. LocalBuy).

**Non-Local Supplier** means one who does not fall into the two categories of either *Local Supplier* or *Regional Supplier*.

**Picking Slip** means a document listing the quantity and description of each item included in a shipment.

**Probity** means integrity, uprightness and honesty, requiring the procurement process to be conducted ethically, honestly and with fairness to all participants. Effective probity management is concerned with the procedures, processes and systems used rather than the outcome of an activity. For councillors, chief executive officers, employees and councils, creating and maintaining probity involves more than simply avoiding corrupt or dishonest conduct. It involves applying and complying with public sector values and principles, and moral and legal obligations such as impartiality, accountability and transparency, and appropriately dealing with conflicts of interest.



# Procurement - Council Policy (Statutory)

**Procurement** means the framework, 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”.

**Purchasing** means 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.

**Purchasing Arrangement** means:

- (a) an approved contractor list;
- (b) a local supplier arrangement;
- (c) a preferred supplier arrangement;
- (d) a register of pre-qualified suppliers; or
- (e) Local Government Arrangement.

**Purchasing Officer** means an officer authorised to purchase goods and services on behalf of Council delegated under Chapter 6 Part 5 Section 238 of the Local Government Regulation 2012 for the making, varying or discharging of a contract for the Council. For the purposes of this document and Council’s Procurement Policy the Purchasing Officer is the Requisitioning Officer.

**Purchase Order** means a uniquely numbered order form, detailing Council’s requirements in relation to a supply of goods, services or works and generated following the completion of an electronic Requisition.

**Requisition** means a manual or electronic document that is a statement of requirements for goods, services or work to be carried out and authorised by an officer with an appropriate level of delegated authority that:

- a) identifies the requisitioner;
- b) specifies the delivery location and date needed;
- c) identifies items, descriptions, quantity and price of each item requested; and
- d) identifies the vendor.

**Requisition to Raise Purchase Order** means a manually prepared document used in the field, it records the requisitioning officer, requisition details and/or the receipting of goods by an officer in the field. It is a statement of requirements for goods, services or work to be carried out and authorised by an officer with an appropriate level of delegated authority.

**Receipting Officer** means an Officer who is responsible for receipting the goods/services against the Delivery Docket, Picking Slip or Tax Invoice and who then signs that document to confirm receipt of the goods/services.

**Receiving Officer** means an officer nominated to receive goods and/or services on behalf of Council and who verifies the physical receipt of goods and/or services.

**Regional Supplier** means a business which:

- a) Is beneficially owned by persons who are residents and/or ratepayers of communities in the South West Queensland Local Government Area and/or Goondiwindi Regional Council Area;
- b) Has its principle place of business within any community located in the SWQLGA or GRC; and
- c) Otherwise has a place of business within any community located in the SWQLGA and or GRC that employs persons who are residents and/or ratepayers of the region

**Requisitioning Officer** means an officer or agent of Council with the authority to act as a Purchasing Officer for goods and services on behalf of Council and is responsible for –

- a) preparing a Requisition for goods and/or services; or
- b) completing a *Requisition to Raise Purchase Order* form; or
- c) using the electronic Requisition that generates the Purchase Order.

**Segregation of Duties** means the separation of the accounting functions of authorisation, custody and recording to minimise the opportunity or ability to commit fraud. The separation of assigned duties and responsibilities is necessary so that no single employee can both perpetrate and conceal errors or irregularities. Segregation controls include:



# Procurement - Council Policy (Statutory)

- Separating recording (requisitioning) and custodial (inventory) functions - Prevents employees from falsifying records in order to conceal theft of assets entrusted to them;
- Separating custodial (inventory) and authorisation (approving) functions - Prevents authorisation of a fictitious or inaccurate transaction as a means of concealing asset thefts; and
- Separation authorisation (approving) and recording (requisitioning) functions - Prevents an employee from falsifying records to cover up an inaccurate or false transaction that was inappropriately authorised.

**The Act** means the Local Government Act 2009

**The Regulations** means the Local Government Regulations 2012

## 11. ATTACHMENTS

**Attachment A** - Sound Contracting Principles

**Attachment B** - Exceptions for medium-sized and large-sized contractual arrangements

**Attachment C** - Examples of recurring operational expenditure





# Procurement - Council Policy (Statutory)

## Attachment A - Sound Contracting Principles

### 1. Value for Money

The concept of value for money cannot be defined by price alone. Value for money takes into consideration the benefit of the purchase against the cost of the purchase. In effect, Council is not always right to select the lowest price. Value for money factors need to be included in any evaluation and can include but are not limited to the following:

- Fitness for purpose - at a minimum this would mean sufficient quality, efficient services and reliable support
- Whole of life costs including cost of delivery, acquisition, installation, use, ongoing maintenance and disposal
- Internal administration costs
- Supplier knowledge, experience and ability
- Timeliness of supply
- Technical compliance
- Contribution to the advancement of Council's priorities by direct benefit of supplier commitment to supporting local business and the local economy; and/or indirect benefit of a stronger local economy
- Risk exposure
- Benefit to the community
- Workplace health and safety requirements
- Environmental benefits that provide value to the Council and the community; and
- Sustainability

### 2. Open and Effective Competition

Procurement and subsequent purchasing activities must be open and transparent and result in effective competition for the provision of all goods and services but must also be undertaken with appropriate rigor and documentation to encourage supplier confidence through:

- Transparency of process and decision making; and
- Confidentiality of offers and the security of information

All prospective vendors/suppliers must be treated (and be seen to be treated) fairly in an open and transparent manner with same access to information about the procurement process to enable them to submit prices/quotations/tenders on the same basis.

Council must adequately test the market in a consistent manner without bias, or perception of bias, so that current/potential suppliers and the public have confidence in outcomes.

### 3. Development of competitive local business and industry

Council understands the impact that its operations play in the local community however it must remain mindful of its obligation to give regard to all five (5) requirements of the sound contracting principles through its activities. Therefore, Council has defined its recognition of Local, Regional and non-local (broader) suppliers as follows:

3.1 In this Policy, "Local" refers to the Balonne Shire and all its communities.

3.2 In this Policy a **Local Supplier** is a business which:

- 3.2.1 Is beneficially owned by persons who are residents and/or ratepayers of communities in the Balonne Shire;
- 3.2.2 Has its principal place of business within any community located in the Balonne Shire; and
- 3.2.3 Otherwise has a place of business within any community located in the Balonne Shire that employs persons who are residents and/or ratepayers of the Shire.



# Procurement - Council Policy (Statutory)

- 3.3 If there is no local supplier, then preference will be given to a regional supplier with a (5%) weighting.
- 3.4 In this Policy a **Regional Supplier** is a business which:
- 3.4.1 Is beneficially owned by persons who are residents and/or ratepayers of communities in the South West Queensland Local Government Area and/or Goondiwindi Regional Council Area;
  - 3.4.2 Has its principle place of business within any community located in the SWQLGA or GRC; and
  - 3.4.3 Otherwise has a place of business within any community located in the SWQLGA and or GRC that employs persons who are residents and/or ratepayers of the region
- 3.5 In this Policy a **Non-Local Supplier** is one who does not fall into the two categories above.
- 3.6 Council's commitment to competitive local business and industry is specifically demonstrated by the following:
- 3.6.1 For purchasing activities that require officers to seek one or two quotations, the one or two quotations must be sought from local suppliers where local suppliers exist. Officers may seek the required number of quotations from regional or non-local suppliers if the officer has undertaken sufficient research to establish that no local or regional supplier can quote on the goods or services to be purchased.
  - 3.6.2 For purchasing activities that require officers to seek three quotations, the three quotations should be sought from local suppliers where local suppliers exist. Officers are encouraged to ensure they are testing the market effectively and ensuring Council is achieving true value for money outcomes, so where practical, in addition to the number of local quotations sought, there should always be one from outside the shire. Additionally, officers may seek the required number of quotations from regional or non-local suppliers if sufficient research has been undertaken to establish that no local or regional supplier can quote on the goods or services to be purchased.
  - 3.6.3 For each relevant purchasing activity undertaken, a criterion will be scored according to the supplier's local classification with a 10% weighting applied.
  - 3.6.4 For procurement activities involving an open tender, a three step process will be applied to evaluations:
    - i. Council officers will confirm any mandatory criteria as stipulated within the tender documents before proceeding to stage 2. Any tenderer who does not comply with the mandatory criteria will not progress further in the evaluation process.
    - ii. Tenders will then be assessed using qualitative evaluation criteria such as the technical, managerial, financial and quality capacity of the supplier in the delivery of the specified goods and/or services before proceeding to stage 3.
    - iii. A weighted score will then be applied based upon their supplier classification as described in the Sound Contracting Principles to describe a local supplier.
  - 3.6.5 Further, at all times Council will endeavour to achieve the following:
    - i. Where possible ensure that purchases and projects are structured to include local suppliers; and
    - ii. Ensure cost comparisons include freight costs to the delivery point; and
    - iii. Actively seek out potential local suppliers during the pre-tender period and encourage such suppliers to submit a bid where they are qualified and able to meet the necessary requirements.
- 3.7 Council may elect to accept a tender or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from the non-local supplier has been assessed as more favourable in one or more of the assessment criteria so long as the local offer does not diminish in any way Council's requirements in performance, quality, suitability and other evaluation criteria by considering the following factors:
- i. Creation of new and/or maintenance of existing local employment opportunities; and
  - ii. More responsive and readily available servicing support; and
  - iii. Enabling local business to be more sustainable and ongoing; and
  - iv. Economic growth within the shire.



# Procurement - Council Policy (Statutory)

- 3.8 Council seeks to engender strong competition at a local level for supply of goods and services and to maintain an active local economy with consequent community benefit by apply a major/minor rule to local suppliers where the bulk of supply will be based on a competitive price, reliability, quality, timeliness of supply and other relevant criteria, and a minority will be based on encouraging suppliers to earn more Council business with more competitive pricing in the future.
- 3.9 This approach to local suppliers needs to be used sparing and deliberately. Council should feel comfortable on each occasion that paying a higher price for supply will help keep local industry in the Balonne Shire, rather than acting to prop up inefficient and uncompetitive business at the rate payer's cost.

## 4. Environmental protection

Council promotes environmental protection through its procurement procedures and encourages the recognition of this principle amongst all Elected Members, Officers and Suppliers.

In undertaking any procurement activity, Council will:

- Promote the procurement of environmentally friendly goods and services that satisfy value for money;
- Work to minimise waste;
- Promote the use of recycled products and recycling'
- Encourage the development of products and processes of low environmental impact;
- Provide an example to business, industry and the community by promoting the use of climactically and environmentally friendly goods and services; and
- Encourage environmentally responsible activities.

When evaluating submissions made by quotation or tender, and where practical, Council will also consider the following:

- The environmental policy and performance of prospective contractors or suppliers;
- The selection of products that may have a reduced impact on human health and/or the natural environment; and
- The environmental impact and performance of a requested product, such as energy and/or water efficiency ratings, fuel efficiency, durability, recycled content, toxicity, origin of any components made from a renewable source e.g. paper products and end of life disposal requirements.

## 5. Ethical behaviour and fair dealing

In their discussions with contractors, suppliers and their representatives, Council employees must act with:

- Impartiality
- Fairness
- Independence
- Openness
- Integrity and
- Professionalism

Council employees must, in these dealings, always seek to achieve value for money outcomes for Council, keeping in mind the requirement fairness and ethics.

It is the responsibility of all Council officers to recognise and report to the Chief Executive Officer any actual, potential or perceived conflict of interest related to a procurement activity.





# Procurement - Council Policy (Statutory)

## Attachment B – Exceptions for medium-sized and large-sized contractual arrangements

### a) A Quote or Tender Consideration Plan (Section 230 Local Government Regulation 2012 (Qld))

Council may enter into a medium or large sized contractual arrangement without first inviting quotations or tenders if Council resolves to:

- Prepare a quotation or tender consideration plan; and
- Adopts the plan in accordance with Section 230 (2) of the Regulations

### b) An approved contractor list (Section 231 Local Government Regulation 2012 (Qld))

In establishing an approved contractor list, Council recognises that such a list:

- Must be defined by the processes required in the Act;
- Will not be considered to be preferable to a register of pre-qualified suppliers or a preferred supplier arrangement but will provide Council with ability to build rigor around small to medium purchasing activities; and
- Will take into account all the sound contracting principles as defined in the Regulations.

### c) A register of pre-qualified suppliers (Section 232 Local Government Regulation 2012 (Qld))

In establishing a register of pre-qualified suppliers, Council recognises that:

- It must determine that the preparation and evaluation of submissions would be costly and time consuming if it invited submission every time the goods and/or services were required; or
- It is critical to a successful outcome that the experience and financial viability of a supplier or contractor be assessed according to the requirements of the local government once only; or
- There are specific pre-conditions to the offer to supply goods and/or services; or
- There is a need or a desire to develop the specific capabilities of the businesses within the local region; or
- The supply of goods or services require considerable security considerations; or
- It will still ensure value for money by testing the market through quotations.

### d) A preferred supplier arrangement (PSA) (Section 233 Local Government Regulation 2012 (Qld))

In establishing a preferred supplier arrangement, Council recognises that:

- It needs the goods or services in large volumes and frequently;
- It can obtain better value for money by accumulating the demand for said goods or services;
- It can articulate the specific requirements for the goods or service in a manner that can be readily understood by suppliers in the relevant industry
- Whilst PSA's are generally for one supplier only (preferred) Council could, if sufficient need exists, have more than one supplier on its PSA. In doing this, Council recognises there may be a loss in driving value for money and may wish to consider establishing a register of pre-qualified suppliers instead.

### e) An LGA arrangement (such as Local Buy) (Section 234 Local Government Regulation 2012 (Qld))

In utilising an LGA arrangement, Council recognises that:

- The LGA arrangement will be utilised where no local or regional supplier is affected or able to provide the require goods and/or service;
- The arrangements are entered into as a result of market testing which ensure that the price and other terms are equal to or better than the price and terms which would be available under a separate call for quotes or tenders;
- These arrangements can be accessed immediately so that there is no time delay as occurs where tenders or quotations are sought;
- There is minimal overhead cost to Council in accessing these arrangements as compared to separately calling for tenders or quotations that involve significant staff resources to assess on report on the offers received.



# Procurement - Council Policy (Statutory)

## Attachment C –Examples of recurring operational expenditure

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	Authority Annual Licence Renewal`
Microsoft Products	Microsoft Annual Licence Renewal
ITC	Various Hardware and Software Licences
Department of Resources	Property Valuations/Licence Renewals
Local Government Association Queensland	Memberships/Subscriptions
Department of Transport and Main Roads	Vehicle Registration
Electoral Commission of Queensland	Election cost
Queensland Audit Office	State Government Auditing
SAI Global	On-Line Select Additions Australian Standards
Institute of Public works Engineering Australasia	Subscription



# Rating Strategy 2019 – 2026 (revised 2023/2024)

## 1. POLICY STATEMENT

The Rating Strategy has been developed by the Balonne Shire Council to compliment the Revenue Policy and Revenue Statement and aims to achieve best practice and inform decision making when setting rates on an annual basis by adopting a consistent strategic approach to its rating strategy over the long term.

## 2. PRINCIPLES

Council's Revenue Policy provides the principles for levying rates and charges including observing council's legislative obligations, ensuring a fair and consistent approach, flexibility to take account of changes in the local economy, extraordinary circumstances and the impacts different industries have on Council infrastructure.

Council considered the rates practice principles shown at Figure 1 B provided by the Queensland Audit Office [QAO] when adopting the rating strategy. The long-term rating strategy is consistent with the recommendations of the QAO shown at Figure 2D. (Queensland Audit Office - Managing local government rates and charges Report 17: 2017–18)

Council's rating strategy aims to:

- Improve transparency of its rating model
- Assist the community to understand how it has established different rating categories
- How general rates are determined and why some categories are charged more than others
- Consult with the community on its rating strategy
- Ensure that annual revenue statements on rates and charges support financial sustainability
- Establish the economic and other factors that influence councils' rates decisions

Overall, the rating strategy seeks to simplify Council's rate model structure by:

- Ensuring equity and fairness
- Having no more than 65% of properties on the minimum general rate – noting that recommended best practice is no more than 50% of properties on minimum general rate (QAO Report 2017-18)
- Providing a similar rate revenue base for Council to maintain existing facilities and necessary services
- Focussing on own source revenue from a range of avenues to reduce burden on ratepayers
- Acknowledging land valuations consider the inherent differences and highest and best use of individual properties

## 3. SCOPE

The rating strategy will be reviewed by Council on an annual basis as part of its decision-making process to adopt an annual budget and to set rates and charges for the financial year. The rating strategy is a strategic document to deliver a consistent approach over the long-term, working towards financial sustainability and promoting transparency with ratepayers.

## 4. RESPONSIBILITY

Council must calculate the rates for land by using the rateable value of the land.

Council has a responsibility to set the rates and charges each financial year and if the value of the land changes under the Land Valuation Act, Council must adjust the rates so that the rates are calculated on the new value of the land for the period that starts on the day the change takes effect under that Act.





# Rating Strategy 2019 – 2026 (revised 2023/2024)

The Director Finance & Corporate Services has a responsibility to implement the strategy, communicate and/or consult with ratepayers and finalise the rate model each financial year with the budget process.

## 5. DEFINITIONS

- CCI – Council cost index
- CPI – Consumer Price Index
- MGR – Minimum General Rate
- Differential rating categories are defined in Council's Revenue Statement
- 7 year strategy – transitional arrangement towards a single rural rate
- QAO – Queensland Audit Office
- Value of land - the value, of land for a financial year, is its value under the Land Valuation Act when a liability for payment of rates or charges for the land arises for the financial year.

## 6. STRATEGY

### Financial Sustainability

On average rate revenue represents only 30% of the Balonne Shire's revenue, partly due to a declining population and limited economic base. Council acknowledges this is not sufficient revenue to achieve long-term financial sustainability and is an issue that faces many smaller rural and regional local governments. Council recognises that its revenue needs should reflect the full cost of maintaining and replacing council's assets and that rate increases are expected to cover the gap between a Council's forecast revenue from other sources and the forecast revenue needs. This rating strategy aims to adopt rate increases that are considered to be fair and reasonable for ratepayers.

Council will continue to work towards operating sustainably over the long term without undue burden on its ratepayers or erosion of its physical asset base by sourcing revenue through alternate means such as:

- Developing a diverse economic base through economic development strategies;
- Achieving and maintaining accreditation to undertake contract works both in and external to the Shire; and
- Actively seeking grant programs to deliver services, maintain, upgrade and renew assets in the Shire.

Council will consider service levels and industry impacts on service levels in developing a fairer and simpler way forward. To this end Council has adopted asset management plans across its major asset classes to inform long term financial plans and annual budgets.

Council's rating strategy will remain flexible to take account of changes in the local economy, extraordinary circumstances and impacts that different industries may have on Council infrastructure. Council will aim to introduce change in increments to reduce substantial impacts. Limitations will continue to be used to assist a smooth transition where relevant.

Council will review levels of services and community expectations over the general rating strategy period to enhance appreciation and capability and to address the needs and expectations of the community. Council will continue to be responsive to the changing political, economic and climatic impacts on the community and consult the community accordingly.



# Rating Strategy 2019 – 2026 (revised 2023/2024)

Council will inform the community of the level of general rate revenue requirements, including but not limited to:

- The cost of maintaining facilities and services
- The need for additional facilities and services

## Minimum General Rates

Council is aware that over a period of time a number of non-rural based rating categories have Minimum General Rates (MGRs) set at levels that are not consistent with the intent of the legislation. Many categories have MGRs set that catch greater than 50 % of the category cohort and in some instances substantially more. Further to this benchmarking has also indicated that some MGRs are set at levels, which sit outside reasonable benchmark tolerances. Council will seek to address this situation when considering rates as part of its annual budget cycle.

Council will continue to enhance and develop insight into the cost drivers that influence the cost to the community for the provision of facilities and services and work with the community via enhanced community consultation to maintain service relevance and standards. These assessments will drive the funding required and flow into decisions regarding the level of funding to be secured via general rating.

## Single Rural Rate

Council's rating strategy aims at administering a simple rating regime. Over recent years Council has invested in external support to analyse and review its rating model for the Shire. The complexity of previous models is noteworthy. Council must ensure equity through the fair and consistent application of lawful rating and charging principles, without bias, and taking into account the differences and highest and best use of the land within the local government area. Council has considered options for some time to address the impact of previous rating decisions and the continual revaluation impacts (especially on rural categories).

The rating strategy records the history and implementation of a single rural rate. The single rural rate was introduced to significantly simplify the processes required to raise the general component of rates and charges, maintain the financial aspects of the property database and provide a simpler base to forecast going into the future. In 2019/20 Council consolidated the rural Categories 60, 61, 62, 63, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74 and 75 into four rating categories being 100, 200, 300 and 500. The transition to a single rural rate commenced as part of the 2019/20-budget cycle with a completion date of no later than 2025/26 (i.e. over 7 years). Council at its 2019/20, budget adopted a rate in the dollar consistent with a seven-year strategy that was communicated with all rural landholders. This is currently in its fourth year and is proposed to continue.

The seven-year strategy to transition to a single rural rate may be subject to percentage increases/decreases in CCI\* or CPI\* and valuation variations from year to year. Annually, Council will consider recalibration of this segment of the strategy to ensure the outcome remains consistent with the impact of subsequent revaluations, assessed required level of services and consumer price and council cost indexes.

Council reviewed the service levels across rural categories and determined that, in general, they receive the same level and/or access of service. A rate model of a single rural rate across rural categories aims to remove issues of fairness and equity and allow the valuations solely to take into account the inherent differences in country type and highest and best use.



# Rating Strategy 2019 – 2026 (revised 2023/2024)

## 7. LEGAL PARAMETERS

Local Government Act 2009

Local Government Regulation 2012

## 8. ASSOCIATED DOCUMENTS

Revenue Policy

Revenue Statement





# Rating Strategy 2019 – 2026 (revised 2023/2024)

**Figure 1B**  
**Rates practice principles**

Principle	Interpretation	Mechanisms
Fairness	There should be flexibility to deliver fair and equitable outcomes through rates practices.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category.  Allowing discounts or concessions based on ratepayer circumstances—balanced against overall fairness across the community.
Equity	Parcels of similarly valued land, which are used for the same or similar purposes, and receive similar services, should be levied similar general rates.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category.  Maintaining a connection between property valuations and general rates charged.
Meaningful contribution	There should be recognition of the characteristics which necessitate differences in services or facilities, e.g. land use, to ensure revenue contribution is meaningful across the community.  Where land valuations are so low that revenue generation from the community becomes too disparate, there should be provision to support a base level contribution.	Establishing an appropriate number of differential rates categories and setting an appropriate level of rates for each category.  Setting minimum general rates when property valuations in a rates category are so low that the cents in the dollar rate does not raise a sufficient level of rates.
Predictability	There should be a reasonable level of predictability in the amount of rates levied on parcels of land.	Describing rates categories and their rates and charges in sufficient detail and explaining why some categories are charged higher levels of rates than others.  Averaging land valuations and/or applying a rates cap to smooth the rates levied from year to year when valuations increase significantly.
User pays	Where it is possible to tie a specific council-provided service to a user of that service, council should levy rates, fees, or charges directly on those users.	Using special and separate rates and charges and utility charges as appropriate to compensate for cost of service delivery.

*Source: Queensland Audit Office adapted from the department's June 2017 Guideline on equity and fairness in rating for Queensland local governments.*



# Rating Strategy 2019 – 2026 (revised 2023/2024)

**Figure 2D**  
**Components of a good practice rates strategy**

Component	Description
General rates	What general rates are used for and how they differ to other types of rates and charges.
Economic and environmental drivers	The economic factors influencing the council's rates decisions over the next 10 years, such as: <ul style="list-style-type: none"> <li>• the local economy</li> <li>• environmental conditions</li> <li>• asset management requirements</li> <li>• sustainability objectives.</li> </ul>
Rates property mix	The nature of the rateable properties in the council's area and the impact they have on the council's services and facilities, revenue, and costs. The extent to which the council relies on rates revenue may also be relevant.
Mechanisms used	How council has decided to use each of the rates mechanisms available in the Regulation, and why. Why council has established its suite of rates categories and how properties are allocated to them. How and when council may change the suite of rates categories and why. How council will communicate those changes. How council has considered and balanced each of the local government (and other) principles in applying the mechanisms.
Link between property valuations and rates	How the council's use of the rates mechanisms maintains the connection between land valuations and general rates.
Subject to change	The factors or events that may cause the council to review and change the rates strategy over the next 10 years, and how council will communicate those changes.

Source: Queensland Audit Office.