



Procurement Strategy 2026 - 2029

INTRODUCTION

Each year, Swan Hill Rural City Council invests more than \$40 million in goods, services and construction to support the delivery of essential services, programs and infrastructure for our community.

Council's procurement activities play a significant role in strengthening the local economy, encouraging innovation, supporting employment opportunities and promoting broader economic participation across the municipality.

As a publicly funded organisation operating within finite resources generated through rates, fees, charges and grant funding, Council has a responsibility to ensure that every procurement decision delivers the greatest possible value for money while achieving community outcomes.

The Local Government Act 2020 introduced a modernised procurement framework for Victorian councils, providing greater flexibility in engaging suppliers while maintaining the principles of fairness, transparency, accountability and good governance. This framework enables councils to respond more effectively to changing needs while ensuring public resources are managed responsibly.

The Council Plan 2026-2029 establishes Council's vision, mission, values and strategic priorities for the Swan Hill municipality. Procurement is a key enabler in delivering these priorities through the effective sourcing and management of goods, services and works.

This Procurement Strategy 2026-2029 outlines Council's strategic direction for procurement and the initiatives that will support the delivery of Council Plan objectives. It provides a framework to ensure procurement activities are undertaken in a consistent, compliant and sustainable manner, while maximising value and managing risk throughout the procurement lifecycle.

The Strategy also identifies opportunities to strengthen procurement capability across the organisation and reinforce the role of the Procurement & Properties Business Unit as a trusted advisor, driving best practice procurement outcomes and supporting informed decision-making across Council.

OUR CURRENT STATE

Since the introduction of the Local Government Act 2020, Council has continued to mature its procurement practices through strengthened governance, improved compliance monitoring, expanded use of digital procurement systems and a greater focus on strategic procurement outcomes. **Engaging local suppliers**

A recent **SWOT analysis** of procurement at council identified the following:

STRENGTHS	WEAKNESSES
• Centralised procurement oversight • Organisation wide procurement platform • Established Procurement Policy and governance framework • Strong delegated authorities and segregation of duties • Growing organisational awareness of procurement requirements	• Limited procurement data analytics, reporting, and spend intelligence capability • Variable procurement capability and commercial acumen across the organisation • Limited strategic procurement planning • Inconsistent contract management practices • Reliance on key procurement resources and specialist knowledge
OPPORTUNITIES	THREATS
• AI-assisted procurement and contract management • Social procurement and local economic development • Regional collaboration • Automation and digital transformation • Enhanced use of procurement data to support strategic decision making and value-for-money outcomes	• Supplier insolvency and financial instability • Inflation and cost escalation pressures • Modern slavery and ethical sourcing risks • State and Federal Government decisions and funding • Cyber security, privacy, and data management risks associated with digital procurement technologies

As Council looks to the future, there is an opportunity to strengthen procurement maturity through improved use of data, digital technologies, regional collaboration, and social procurement initiatives. These opportunities can enhance efficiency, deliver greater value for money, and support broader community outcomes. Council must also navigate an increasingly complex procurement environment, including market volatility, regulatory obligations, cyber security risks, and changing government policy settings. Addressing these challenges will help build a more strategic, resilient, and sustainable procurement function.

A PESTLE analysis demonstrates that the strategy is informed by emerging trends and risks, including:

Factor	Procurement Relevance for SHRCC
Political	Changes to Victorian Government procurement requirements, State Purchasing Contracts, local government reforms, regional development priorities.
Economic	Inflation, construction costs, supplier pricing pressures, labour shortages, interest rates, availability of local suppliers.
Social	Expectations for local procurement, Indigenous procurement, social procurement, ethical sourcing, community benefit outcomes.
Technological	Procurement systems, automation, eProcurement platforms, AI, cyber security risks, contract management tools.
Legal	Local Government Act 2020, procurement regulations, modern slavery obligations, privacy legislation, contract law.
Environmental	Sustainable procurement, circular economy initiatives, climate resilience, waste reduction, emissions considerations.

The external environment presents increasing expectations for procurement functions to deliver more than compliance and cost control. Procurement is increasingly expected to contribute to organisational performance, financial sustainability, risk management, community outcomes, environmental stewardship and economic development. In response, Council will focus on strengthening procurement governance, capability, contract management, supplier performance monitoring, data driven decision making, social procurement and sustainability outcomes over the life of this Strategy.

ALIGNMENT WITH THE COUNCIL PLAN

Our Community Vision is at the heart of our Council Plan, and all the work that flows from there – our priorities, strategic plans, investments, services, partnerships and activities. The Community Vision is supported by six themed pillars.

The procurement strategy initiatives contribute to the achievement of delivering real outcomes for the community under these pillars as follows:



The Procurement Strategy supports delivery of the Council Plan by making it easier for businesses to participate in Council tenders, strengthening collaboration and shared service opportunities, supporting sustainable and circular-economy outcomes, enabling investment in technology and systems, and providing effective sourcing and contract management for Council's capital works and service-delivery priorities.

Council Plan and the Strategic Alignment to Procurement;

6.1.4.1 Provide plain-language tender guides and how to resources for businesses

Making it easier for local businesses to engage and partner with Council.

4.1.3.1 Integrate biodiversity and climate considerations into infrastructure and capital works

This supports embedding environmental sustainability considerations into procurement planning, specifications, evaluation criteria and contract delivery for infrastructure and capital works.

4.1.4.4 Map and promote installation of electric vehicle charging stations and consider electric/hybrid fleet for vehicle replacements

This directly informs future fleet procurement and supports consideration of environmental performance and whole-of-life costs when vehicles are replaced.

4.2.1.2 Roll out the legislated glass and FOGO collection system

Implementation is likely to involve procurement and contract management for collection services, bins, infrastructure or related systems.

4.2.2.1 Develop a business plan for circular economy infrastructure

The action may inform future procurement, partnership or investment decisions for composting and plastic recycling infrastructure.

4.2.2.2 Engage with circular economy businesses to identify investment opportunities and partnerships

This aligns with market engagement, supplier innovation and collaborative procurement opportunities, particularly where Council is considering new waste and resource recovery solutions.

5.2.1.6 Work with neighbouring councils to select and implement a fit-for-purpose total asset management system

This has a strong connection to collaborative procurement, technology acquisition, system implementation and shared approaches with neighbouring councils.

6.2.1.2 Explore shared service models and continue regular collaboration with neighbouring councils to improve efficiency

This supports collaborative procurement, aggregated demand, shared contracts and regional procurement arrangements. Those procurement opportunities are not expressly listed in the action, so they would be possible implementation mechanisms rather than stated Council Plan commitments.

6.2.2.1 Review and renew the rollout of the IT Strategy

This aligns with the Procurement Strategy's focus on digital systems, automation, systems integration and technology enabled service delivery.

6.2.4.1 Annually review capital expenditure, ensuring service priorities and financial sustainability against the 10-Year Financial Plan

This is relevant to procurement planning because capital expenditure decisions create a significant pipeline of works, goods and services requiring sourcing and contract management.

A substantial number of other Council Plan actions will require purchasing, tendering, consultant engagement, construction contracts or supplier management to be delivered.

PROCUREMENT GOVERNANCE

Strong procurement governance provides the framework through which Council ensures procurement activities are undertaken lawfully, ethically, transparently and in a manner that delivers value for money and community outcomes. Procurement governance supports accountability, responsible decision making, effective risk management and compliance with Council policies, delegations and legislative obligations. Council's procurement governance framework aligns procurement activities with organisational objectives and supports public confidence in the management of public resources.

Governance Principles

Council's procurement activities will be guided by the following governance principles:

- Accountability and clear decision-making responsibilities.
- Transparency and defensible procurement processes.
- Ethical conduct and management of conflicts of interest.
- Value for money over the full procurement lifecycle.
- Appropriate risk management and internal controls.
- Fair and open competition.
- Continuous improvement and organisational learning.
- Compliance with legislative and policy requirements.

Council is responsible for:

- Adopting and reviewing the Procurement Policy.
- Establishing the strategic direction for procurement.
- Monitoring procurement performance through governance and reporting mechanisms.
- Promoting the responsible and transparent use of public resources.
- Supporting procurement practices that deliver community, social, economic and environmental outcomes.

The Chief Executive Officer is responsible for:

- Ensuring the implementation of Council's Procurement Policy and Strategy.
- Establishing an effective procurement governance framework.
- Delegating procurement authority in accordance with legislation and Council's Instrument of Delegation.
- Ensuring sufficient resourcing and capability exists to support procurement activities.
- Promoting a culture of compliance, ethics and accountability.

The Executive Leadership Team will:

- Provide strategic oversight of procurement performance and risks.
- Approve annual procurement priorities and activity plans.
- Monitor procurement outcomes, supplier risks and compliance trends.
- Champion procurement capability and continuous improvement initiatives.
- Support procurement planning across Council's major projects and service areas.

Directors and Managers are responsible for:

- Planning procurement activities within their Directorates and business units
- Ensuring procurement activities comply with policy, procedures and delegations.
- Identifying procurement risks and implementing appropriate controls.
- Managing contract performance and supplier relationships.
- Ensuring procurement decisions support Council objectives and approved budgets.

Procurement and Properties Unit

Provides leadership, expertise and oversight of Council's procurement activities and is responsible for:

- Developing and maintaining procurement policies, procedures and templates.
- Providing procurement advice, guidance and support.
- Facilitating tendering and sourcing activities.
- Monitoring compliance with procurement requirements.
- Delivering procurement reporting, analytics and performance insights.
- Supporting contract and supplier management practices
- Promoting best practice procurement across the organisation
- Introduce innovative practices to improve unit and organisational efficiencies
- Ensure unit effective performance and use of existing resources

Procurement Governance Controls

Council will maintain governance controls to ensure procurement activities are undertaken consistently and appropriately, including:

- Instrument of Delegation and financial authorisations.
- Segregation of duties.
- Conflict of interest declarations.
- Procurement planning requirements.
- Evaluation and probity processes.
- Contract approval and execution controls.
- Procurement compliance reviews.
- Internal and external audit programs.
- Risk management and assurance activities.
- Records management requirements.

Audit and Risk Oversight

Council's procurement activities form part of the broader governance, risk and assurance framework. The Audit and Risk Committee provides independent oversight of procurement-related risks, internal controls, compliance and assurance activities. Procurement risks will be incorporated into Council's risk management framework, with significant procurement issues, emerging risks and audit findings reported through appropriate governance channels.

Continuous Improvement

Council is committed to continually strengthening procurement maturity through:

- Procurement capability development.
- Annual review of procurement performance.
- Internal audit recommendations and lessons learned.
- Supplier and stakeholder feedback.
- Technology and digital innovation.
- Benchmarking against Victorian local government best practice.

Council will review this Strategy annually and update actions to ensure procurement practices remain contemporary, effective and aligned with organisational priorities.

Strategic Alignment and Best Practice Frameworks

Council's procurement activities are guided by recognised legislative requirements, industry standards and best practice procurement frameworks. This Strategy is informed by and aligns with:

- Local Government Act 2020 (Vic)
- Swan Hill Rural City Council Procurement Policy
- Victorian Local Government Best Practice Procurement Guidelines 2024
- Victorian Government Social Procurement Framework
- Local Government Better Practice Guides
- Victorian Government Buying for Victoria Frameworks
- ISO 20400 Sustainable Procurement Principles
- Council's Council Plan, Financial Plan and Asset Plan.

By aligning procurement practices with recognised frameworks, Council seeks to promote procurement maturity, transparency, accountability and continuous improvement.

Digital Procurement Transformation

Council is committed to leveraging technology, automation, data analytics and artificial intelligence to improve procurement efficiency, governance and decision making.

Key initiatives include:

- Development of procurement performance dashboards.
- Expansion of digital contract management capability.
- Automation of procurement workflows and approvals.
- Investigation of responsible AI applications to support procurement planning, market analysis and contract management.
- Review processes, workflows, data storage, and system integration to ensure data is captured once at the source and reused where required.

These initiatives will improve visibility of expenditure, support compliance monitoring and strengthen procurement reporting and governance.

Contract Lifecycle Management

Council recognises that value for money extends beyond sourcing activities and requires effective management throughout the entire contract lifecycle. Council will implement a Contract Lifecycle Management Framework that supports:

- Procurement planning.
- Market engagement and sourcing.
- Contract award and execution.
- Contract administration.
- Supplier performance management.
- Risk monitoring and assurance.
- Contract renewal, extension and close-out.

A risk-based approach will be applied to ensure contract management effort is proportionate to contract value, complexity and risk.

Procurement Capability and Culture

Council will invest in building procurement capability across the organisation to ensure employees have the knowledge, skills and confidence to undertake procurement activities responsibly and effectively.

Council will:

- Deliver annual procurement training.
- Provide procurement induction for new managers.
- Support contract management capability development.
- Promote ethical procurement practices.
- Develop procurement guidance materials and tools.
- Undertake periodic procurement maturity assessments.

Building procurement capability will strengthen governance, compliance and value-for-money outcomes across Council.

OUR PROCUREMENT STRATEGY

Our Procurement Strategy has four pillars that will drive our work to deliver our priorities:

VALUE FOR MONEY

Value for money is achieved by selecting procurement solutions that deliver the best overall outcomes for Council and the community.

This involves balancing cost with other important considerations such as quality, fitness for purpose, risk, sustainability, supplier capability and whole-of-life value.

By investing in procurement capability, systems and data-driven decision-making, Council can maximise the value derived from its expenditure and support the delivery of strategic objectives.

FAIR AND OPEN COMPETITION

Fair and open competition ensures all suppliers have equitable access to opportunities and that procurement decisions are transparent, ethical and defensible.

By maintaining strong governance, effective risk management and sound probity practices, Council builds trust with suppliers, stakeholders and the community.

EASY TO DO BUSINESS WITH

We are committed to providing a positive and efficient procurement experience for suppliers and staff.

Simplified processes, clear communication and effective digital tools help reduce effort, improve responsiveness and support timely outcomes.

Through ongoing engagement with industry and the market, Council can identify innovative solutions, foster competition and ensure procurement activities deliver the best outcomes for the community.

SOCIAL OUTCOMES & SUSTAINABILITY

Procurement is a key lever for delivering positive social, economic and environmental outcomes.

Council is committed to supporting local businesses, promoting supplier diversity and creating opportunities that strengthen the regional economy.

Through sustainable procurement practices, Council considers whole-of-life costs and broader community impacts to ensure public resources are spent responsibly, ethically and in a manner that delivers long-term value.

VALUE FOR MONEY

Objectives	Actions	Responsible	Timeline	Status/Comment
We maximise value through proactive contract management and supplier performance oversight.	Establish supplier performance scorecards for key contracts.	Contract Administrator	Q1 FY28	
	Undertake annual contract health checks for high-value and high-risk agreements.	Contracts Administrator	Ongoing	
	Monitor supplier performance against contract obligations and key performance indicators.	Contracts Administrator & Contract Supervisors	Ongoing	
We use procurement data and insights to support informed decision-making and achieve value for money outcomes.	Develop procurement dashboards showing category spend, supplier spend and contract utilisation.	Org Development Manager Procurement & Properties Coordinator	Q3 FY27	
	Monitor contract leakage and off-contract purchasing.	Procurement & Properties Coordinator	Ongoing	
	Use procurement data to support category planning and sourcing strategies.	Procurement Administration Officer	Ongoing	
	Produce quarterly procurement insights reports for Executive Leadership Team.	Director Corporate Services Org Development Manager	Q1 FY27 Ongoing	
	Track procurement performance metrics to support continuous improvement and informed decision-making.	Director Corporate Services Org Development Manager Procurement & Properties Coordinator	Ongoing	

FAIR AND OPEN COMPETITION

Objectives	Actions	Responsible	Timeline	Status/Comment
We proactively identify, monitor and manage supplier and procurement risks.	Develop a supplier risk assessment framework covering financial, operational, cybersecurity and reputational risks.	Director Corporate Services Procurement & Properties Coordinator	Q1 FY28	
	Use risk monitoring tools and data sources to monitor strategic and critical suppliers.	Contracts Advisor	Ongoing	
	Report supplier risk trends to Council's risk management framework.	Contracts Administrator	Ongoing	
We ensure procurement is fair, ethical, transparent and probity rich.	Develop and implement a Supplier Code of Conduct and contract compliance requirements.	Contracts Administrator	Q2 FY28	
	Monitor compliance with Procurement Policy and legislative requirements.	Procurement Administration Officer	Ongoing	

EASY TO DO BUSINESS WITH

Objectives	Actions	Responsible	Timeline	Status/Comment
We maintain strong engagement with suppliers and the market to support informed purchasing decisions and encourage supplier participation.	Publish a procurement activity plan on Council's website.	Contracts Administrator	Annually	
	Conduct pre-market engagement sessions for significant procurement projects.	Contracts Administrator	Ongoing	
	Hold bi-annual supplier doing business with Council and information sessions	Contracts Administrator	Bi-annually	
	Measure supplier satisfaction and implement improvement initiatives.	Procurement & Properties Coordinator	Ongoing	
We provide responsive, efficient and customer-focused procurement services.	Establish service standards for procurement advice, tender support and contract administration services.	Director Corporate Services Procurement & Properties Coordinator	Q2 FY27	
	Monitor procurement cycle times and service performance standards.	Procurement & Properties Coordinator	Q2 FY27, Ongoing	
	Continuously review and improve procurement processes to reduce effort and improve outcomes.	Procurement & Properties Coordinator	Ongoing	
We leverage digital tools and artificial intelligence to improve procurement outcomes.	Implement an AI-enabled supplier assistant to provide information on procurement requirements, insurance obligations, tender processes and supplier registration.	Organisational Development Manager Procurement & Properties Coordinator	Q3 FY27	

Deploy an internal Procurement Copilot to assist staff with procurement policy, procedures and templates.	Procurement & Properties Coordinator, Organisational Development Manager	Q3 FY28
Utilise AI tools to assist with drafting RFQs, tender documents, evaluation plans and contract management documentation.	Procurement Team	Ongoing

SOCIAL OUTCOMES AND SUSTAINABILITY

Objectives	Actions	Responsible	Timeline	Status/Comment
We maximise social, economic and environmental outcomes through procurement.	Establish targets for local, social and sustainable procurement outcomes.	Organisational Development Manager Procurement & Properties Coordinator	Q2 FY27	
We embed sustainability principles throughout the procurement lifecycle.	Develop sustainability and social procurement dashboards to monitor performance and outcomes.	Procurement & Properties Coordinator	Q4 FY28	
	Consider whole-of-life costs, environmental impacts and circular economy opportunities during procurement planning and evaluation.	Procurement & Properties Coordinator	Q1 FY28	
We promote supplier diversity and support inclusive economic participation.	Conduct social and sustainable procurement education with internal buyers and key suppliers.	Procurement & Properties Coordinator	Ongoing	