



Ararat Rural City

Ararat Rural City Council's Procurement Strategy 2026-2031



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Introduction

This Procurement Strategy 2026-2031 sets out how we will manage procurement in a way that aligns with the Community Vision 2035 and the goals outlined in the Council Plan 2025-2029. To do this, the Strategy uses social procurement and environmentally sustainable procurement as key pillars. This reinforces actions already taken by Council to support and develop the local economy, including contributions to the circular economy in the Ararat municipality and the electrification of Council fleet and plant equipment.

Council adopts the following procurement principles:

- Value for Money;
- Sustainability (social, economic and environmental);
- Open and fair competition;
- Accountability;
- Risk management; and
- Probity and transparency.



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Purpose

The purpose of this Procurement Strategy 2026-2031 is to set a clear strategic direction for how Council will use procurement to deliver value for money, support local economic development, strengthen ethical and sustainable supply chains, and improve governance across the procurement lifecycle. The Strategy provides a whole-of-Council framework that aligns procurement decisions with Council's strategic priorities, legislative obligations, and commitment to responsible public spending.

Scope & Application

This Strategy applies to the procurement of goods, services and works undertaken by Council, including strategic sourcing, quotation and tender processes, contract management, and supplier relationship management. It applies to all Council staff, delegates, and contractors involved in procurement planning, purchasing, evaluation, approval, contract administration, and reporting. This Strategy should be read in conjunction with Council's Procurement Policy and related governance documents. It does not replace detailed procedural requirements, financial delegations, or legislative obligations, but provides the strategic framework that guides how those requirements are applied.



Legislative & Policy Context

This Strategy supports Council's obligations under the Local Government Act 2020 (Vic), including the requirement for Council to adopt and comply with a Procurement Policy that promotes open and fair competition and provides value for money. It also aligns with Council's Procurement Policy, financial delegations, risk management framework, and other relevant governance instruments. In implementing this Strategy, Council will have regard to Victorian local government best practice procurement guidance, social procurement principles, environmentally sustainable procurement approaches, and ethical sourcing expectations, including actions that reduce the risk of modern slavery and other exploitative practices in supply chains.





Procurement Definitions

Local supplier	Local supplier means a supplier based within the Ararat Rural City municipality, or where appropriate, within the broader region as defined by Council policy or procedure.
Value for money	Value for money means the best available outcome over the full procurement lifecycle, having regard to cost, quality, fitness for purpose, risk, sustainability, and social benefit.
Whole-of-life cost	Whole-of-life cost means the total cost of a good, service or works package over its useful life, including acquisition, operation, maintenance, renewal and disposal.
Social procurement	Social procurement means using procurement to generate positive social outcomes in addition to the delivery of goods, services or works.
Environmentally sustainable procurement	Environmentally sustainable procurement means procurement that considers environmental impacts across the lifecycle of purchased goods, services and works, including waste, emissions, resource use and circularity.
Modern slavery	Modern slavery refers to serious forms of exploitation, including forced labour, debt bondage, deceptive recruiting, trafficking and child labour, that may occur in domestic or international supply chains.



Acknowledgment of Country

Council acknowledges the Traditional Custodians of the land where we live, and pays its respects to their Elders, past and present. We recognise the Eastern Maar, Wadawurrung, Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk peoples' continuing, deep, spiritual connection to the land and their rights to their Country.

1. Social & Economic Prosperity

To be a catalyst for local growth by leveraging Council's purchasing power to create a diverse, inclusive, and prosperous economy for all members of the Ararat community.

Council believes in the power of having a 'local first' approach to procurement and ensuring that every dollar spent works harder for the residents of the municipality. By prioritising local suppliers, social enterprises, ethical supply chains and social infrastructure, we aim to build a more resilient and robust economy that creates inclusive employment and social participation. In a regional community like Ararat, procurement is not just a transaction; it is a mechanism for building stronger community ties, ensuring gender equity, and guaranteeing that our regional business sector thrives through innovation and increased capacity.





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Local First

The Ararat community has a strong tradition of integrity, hard work and pragmatic problem-solving. Council will continue to seek these strengths by prioritising the use of local suppliers of goods and services for their procurement.

To further leverage this approach, Council will seek to disaggregate large-scale projects into smaller work packages where possible, allowing smaller local businesses to compete with larger external businesses on these projects.

Ethical and Transparent Supply Chains

Council is committed to ensuring that no goods purchased by Ararat are produced using modern slavery or exploitative labour practices. Council will develop a supplier code of conduct to ensure our partners align with our ethical standards.

Social Infrastructure

Social infrastructure is made up of the facilities, spaces, networks and services that support individual and community health and wellbeing, promote a cohesive society and support economic prosperity. Council will continue to prioritise developing and maintaining high value and adaptable community infrastructure that supports the diverse needs of our growing and changing community.

Objectives

- 1.1. Local suppliers are prioritised and supported to increase their participation in Council procurement.
- 1.2. All suppliers of goods and services to Council operate ethically and transparently.
- 1.3. A vibrant circular economy is established, where local producers and makers are prioritised for the supply of upcycled or ethically recovered materials and products.
- 1.4. Social value is embedded in all community infrastructure projects, ensuring facilities are adaptable and serve multi-purpose social needs.

Measures of Success

- Achieve a 10% annual increase in the total dollar value of spend with local businesses.
 - Actions:
 - Create a database that tracks whether a contract is from a local, State, Australian or International supplier to measure dollar % spend with each.
- Creation of a Modern Slavery Statement and inclusion of a Modern Slavery clause in all supplier contracts.
 - Actions:
 - Create a Modern Slavery Statement.
 - Add a Modern Slavery clause into all contracts.
- 100% of Council suppliers have signed the Modern Slavery clause.
 - Actions:
 - Create a supplier database that includes a whether the supplier has signed the Modern Slavery clause with a saved copy of the signed clause.
- All community facilities serve at least one purpose that is secondary to their primary purpose. (for example prayer space in the library or a cool space in a neighbourhood house for hot days)
 - Actions:
 - Meet with community members and organisations to see what secondary services may be required, and where they will have the most impact.
 - Create database of all community facilities with a summary of existing primary and secondary purposes.
 - Map out community facilities to ensure different services are spread throughout the community.
 - Support community facilities in pursuing grants to upgrade their services to include secondary purposes.
 - Assist with informing the community of the new services provided.



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2. Environmental Leadership & Circularity

To lead the region in sustainable procurement practices that reduce waste, champion renewable energy, and ensure a healthy environment for future generations.

Council is committed to leading by example in the transition to net-zero emissions and the circular economy, where waste is minimised and resources are recovered and reused. Environmental sustainability is critical in our procurement; we focus on the entire lifecycle of goods to ensure we maximise the value of the materials and inputs used. Through our procurement choices we seek to protect our unique natural environment, while tackling global challenges like climate change, through pragmatic, local action.





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Transition to Low Emissions Future

Council plays an active role in enabling the transition to a low emissions future through our contractors, partnerships and investments. We will prioritise the electrification of our fleet and plant equipment in all renewal cycles, ensuring that, where possible, our vehicles and machinery are powered by clean energy. We will support and drive initiatives and projects that seek to create clean energy such as wind power, biomass, and biogas, to power Council facilities and services.

Circular Materials and Infrastructure

We recognise that the materials used in our civil works have a significant environmental impact. Where feasible, Council will mandate the inclusion of recycled and recovered materials, such as glass and plastic, in road construction and infrastructure projects and the procurement of public furniture and bins. By leveraging our local expertise in biomass and waste-to-energy, we ensure that infrastructure projects support a system where materials are kept in use for as long as possible and are disposed of in a way that maximises their value.

Sustainable Supply Chains and Lifecycle Value

To avoid waste generation, we must change how we evaluate the goods we buy. Council will prioritise products designed for durability and reparability, ensuring we achieve value for money on a whole-of-life basis. We will work with our suppliers to reduce supply chain waste and seek partners with initiatives that support this principle, such as sustainable packaging or mandatory take-back schemes for high-volume items, ensuring resources are recovered at the end of their useful life.

Objectives

- 1.1. Transition Council's fleet and plant equipment to zero or low-emission technologies to support net-zero targets.
- 1.2. Council facilities are powered by clean energy sources.
- 1.3. Embed circularity by mandating the use of recycled or recovered materials in infrastructure and community assets.
- 1.4. Community furniture, play and exercise equipment and bins are made in part or completely from recycled, reclaimed or recovered materials.
- 1.5. Optimise Value for Money by prioritising products designed for durability, repairability, and minimal environmental impact.

Measures of Success

- 100% of renewals of Council's light vehicle fleet to be hybrid (refer to Council's Electrification Policy).
- 100% of Council's small plant and equipment renewals to be electric.
 - Actions:
 - Research appropriate electric options for all of Council's small plant and equipment.
- All of Council's large plant and equipment to be assessed for electric options and feasibility prior to the end of their lifecycle.
 - Actions:
 - Create a long-term renewal plan that evaluates emerging hydrogen, electric, or biogas options for heavy machinery.
- 100% of Council facilities are powered by clean energy sources.
 - Actions:
 - Increase rooftop solar installations on Council facilities.
 - Complete the biomass energy facility.
 - Ensure data is available to distinguish the energy sources used to power facilities.
- 100% of infrastructure project plans include a feasibility assessment for recycled material use.
 - Actions:
 - Include the feasibility of using recycled and recovered materials in the planning phase of all infrastructure projects.
 - Create mandatory reporting on which recycled and recovered materials are included in each project, or if not included, why they could not be used.
- All new installations of community furniture, play and exercise equipment, and bins are to be made in part or completely from recycled, reclaimed, or recovered materials.
 - Actions:
 - Research suppliers of these items that meet these requirements.
- 100% of procured products to be assessed for durability and repairability.
- 100% of office stationery and supplies to be packaged in 100% recyclable packaging by the end of 2026.
 - Actions:
 - Research supplies that support this approach.
 - Encourage local suppliers to meet this demand.



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3. Governance, Innovation & Value

To deliver excellence in public spending through innovative, transparent, and high-integrity procurement processes that provide maximum value to the community.

Effective procurement requires a foundation of transparency, accountability, and the pursuit of the best value for money for our community. Council strives to use modern and efficient processes and systems that provide a fair and open playing field for all potential suppliers. By fostering innovation and embracing digital transformation, we will continue to support our community's needs without compromising financial sustainability or the integrity of our decision-making.





Strategic Sourcing and Financial Value

Council identifies procurement not merely as an administrative task, but as a strategic tool essential for achieving value for money at the point of purchase and across the lifecycle of the goods or services procured. By leveraging collaborative procurement and regional partnerships, we can aggregate purchasing power to secure better pricing and service outcomes. Council will use whole-of-life cost assessments to ensure that initial savings do not result in higher long-term maintenance, operational, or disposal costs.

Ethical Governance and Compliance

Council goes beyond its legislated requirements to ensure it is ethical and responsible in all procurement activities. We build our procurement activities on a foundation of probity and transparency, maintaining accountability for our actions and a commitment to continuous improvement. By fostering a culture of integrity and impartial decision-making, Council protects the organisation from risk and ensures that open and fair competition is a genuine reality for every business seeking to partner with Ararat.

Procurement Technology and Contract Oversight

We are dedicated to modernising our internal tools by implementing digital procurement processes and systems that streamline approvals and improve data accuracy. We will implement and monitor targeted key performance indicators (KPIs) to ensure suppliers are adhering to the social and environmental commitments made in contracts. By ensuring value for money is delivered throughout the contract lifecycle, we can confirm that Council's strategic objectives are met with accountability.

Objectives

- 1.1. Maximise economies of scale through active participation in collaborative regional and sector-wide procurement clusters.
- 1.2. Embed whole-of-life cost assessments into the planning phase of all major procurements to ensure long-term financial sustainability.
- 1.3. Implement a rigorous internal auditing program to guarantee competition fairness, legislative compliance, and the correct application of local prioritisation benefits.
- 1.4. Deploy digital procurement tools to modernise workflows, streamline internal approvals, and improve the accuracy of data reporting.
- 1.5. Ensure all contracts include targeted KPIs that are actively monitored to guarantee the delivery of agreed social, environmental, and financial value.

Measures of Success

- 100% of high-value procurements (>\$50k) include a formal whole-of-life cost analysis in the evaluation report by 2028.
- 25% annual savings through integration and collaboration with regional and sector wide procurement clusters.
- Create and publish an annual "Procurement Impact Report" on the Council website by 2027.
- Implement bi-annual contract auditing by 2027.
- Reduce administrative lead time from scoping to contract award by 15% through digital workflows by 2030.
- 100% of active contracts over \$50k have assigned Contract Managers and quarterly performance reviews.
- 100% of Council staff with financial delegation to complete mandatory sustainable and ethical procurement training by 2028.
 - Actions:
 - Research appropriate training opportunities that cover the Local Government Act 2020 and ESG frameworks.
 - Budget for training in the annual financial plan.
 - List all staff with financial delegation and track completion rates.



Risk Management Framework

Council will apply a risk-based approach to procurement planning, sourcing, evaluation and contract management to protect public value and support sound decision-making. Procurement risk will be assessed having regard to the value, complexity, criticality and market characteristics of each procurement, with higher-risk activities requiring stronger planning, documentation, review and oversight. In addition to financial and operational risks, Council will consider probity, supplier conduct, modern slavery, information security, safety, environmental impact and service continuity risks across the full procurement lifecycle.





- **Probity and conflict of interest risk** will be managed through clear governance, role separation, documented evaluation processes, conflict of interest declarations, and transparent recordkeeping.
- **Supplier and market risk** will be considered through market analysis, due diligence, financial viability checks where appropriate, and contingency planning for constrained or concentrated markets.
- **Contract and performance risk** will be managed through fit-for-purpose specifications, appropriate contract terms, assigned contract managers, performance monitoring, and escalation pathways for non-performance.
- **Modern slavery and ethical sourcing risk** will be addressed through supplier declarations, contractual obligations, risk screening for high-risk categories, and ongoing engagement with suppliers on labour and human rights expectations.
- **Cybersecurity and information management risk** will be considered in procurements involving digital systems, data handling, connected devices or critical operational technology, with controls proportionate to the sensitivity of the procurement.
- **Environmental and social risk** will be managed by considering lifecycle impacts, waste, emissions, workplace safety, accessibility, and broader community outcomes in procurement planning and evaluation.
- **Supply continuity and emergency risk** will be managed by identifying critical goods and services, maintaining appropriate contractual and operational contingencies, and applying clear governance to emergency procurement decisions.



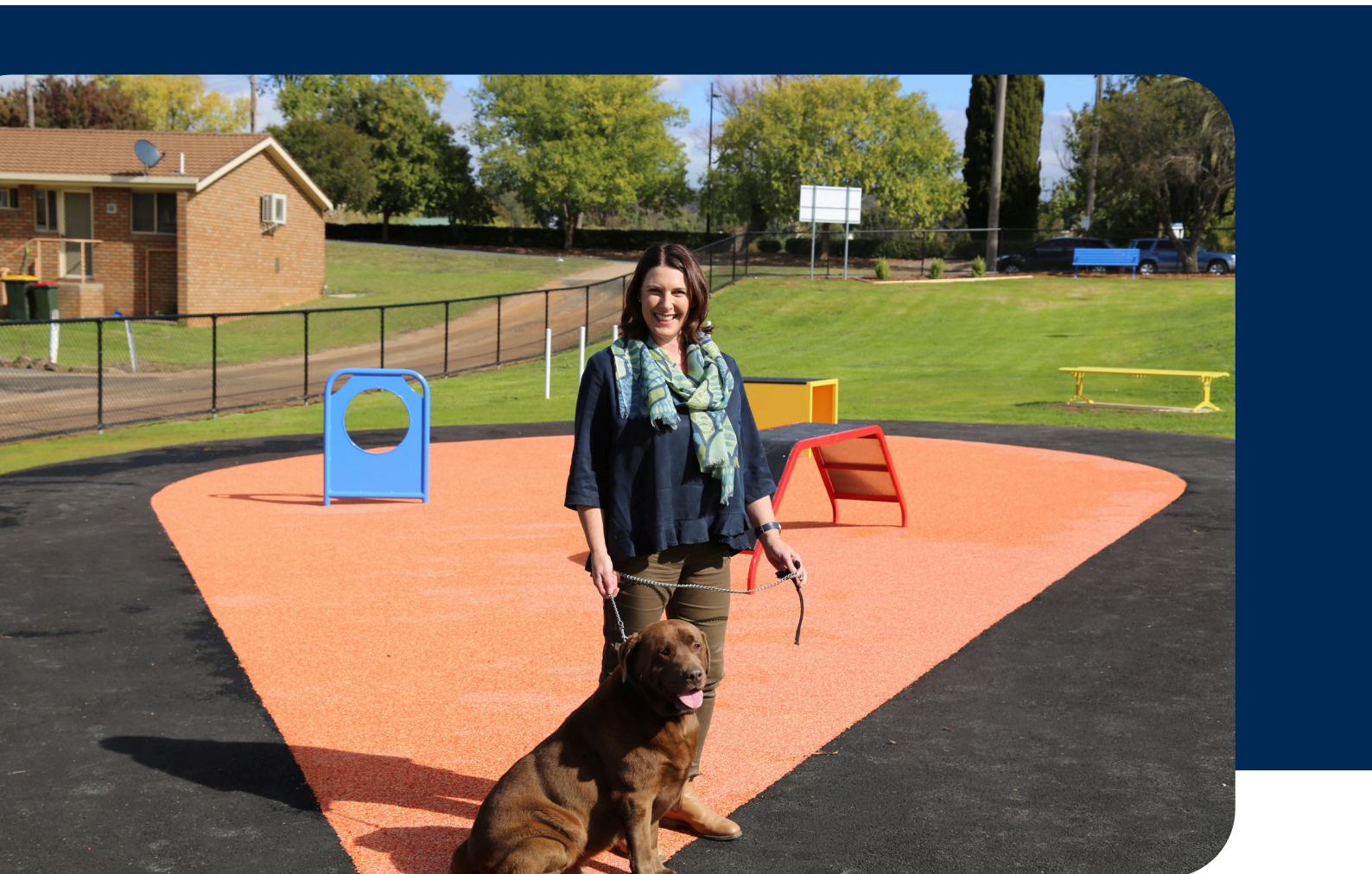
Roles & Responsibilities

Clear roles and responsibilities are essential to ensure procurement decisions are lawful, transparent, efficient and aligned with Council's strategic priorities. Responsibility for implementation of this Strategy is shared across the organisation, with accountability applied according to governance, delegation, procurement, contract management and reporting functions.

Role	Primary Responsibility
Council and Executive Leadership Team	Provide strategic oversight, endorse procurement direction, ensure alignment with Council priorities, and support a culture of accountability, probity and value for money.
Procurement function or responsible officer	Lead implementation of the Strategy, maintain procurement guidance and templates, support sourcing processes, build organisational capability, and coordinate procurement reporting and continuous improvement.
Managers and budget owners	Plan procurement needs, confirm scope and budget, support market engagement, ensure procurement decisions reflect service needs, and oversee contract performance within their area of responsibility.
Delegates and approvers	Exercise financial and procurement delegations in accordance with policy, ensure decisions are documented and defensible, and confirm that risk, probity and value for money have been appropriately considered.
Contract managers	Manage supplier performance, monitor delivery against contract requirements and KPIs, maintain records, manage extensions or variations appropriately, and escalate issues where contractual performance or risk requires intervention.
Project officers and staff involved in procurement	Comply with procurement requirements, maintain accurate records, identify and manage risks, declare conflicts of interest, and contribute to fair, transparent and efficient procurement processes.

Implementation & Governance

Council will implement this Strategy through phased action over the 2026-31 period, with responsibilities shared across the organisation. The Executive Leadership Team will provide strategic oversight and ensure procurement supports broader Council priorities. The responsible procurement function will lead implementation, develop supporting tools and templates, and coordinate reporting and capability uplift. Managers and contract managers will be responsible for applying the Strategy in procurement planning, evaluation, contract management and supplier performance monitoring. Implementation priorities will include strengthening procurement data, improving staff capability, embedding social and environmental criteria into sourcing processes, and ensuring that contract management practices are consistent, risk-based and outcome-focused.





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Monitoring, Reporting & Review

Council will monitor implementation of this Strategy through the objectives, measures of success and actions outlined in each strategic theme. Progress will be reported through internal governance processes and, where appropriate, through public reporting on procurement outcomes and impacts. Measures may be refined over time as Council's data maturity improves and as legislative, market or organisational conditions change. This Strategy should be reviewed during its term if there are material changes to Council priorities, legislative obligations or procurement operating conditions, and otherwise will inform the next review and refresh of Council's longer-term procurement direction.



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