

Procurement

Council Policy

1. Purpose

This Policy seeks to:

- define the methods by which Council can acquire goods, works and services
- demonstrate probity, accountability and responsibility of Council to all stakeholders
- ensure fair and equitable procurement processes
- encourage consistency of approach in the management of procurement processes
- ensure that the best possible outcome is achieved for Council.

2. Scope

- 2.1 This Policy applies to all Council and Alwyndor employees and contracted staff who undertake procurement and / or contract management activities at Council.
- 2.2 This Policy does not cover:
- non-procurement expenditure such as sponsorship agreements, grants, funding arrangements, donations, employment agreements
 - the acquisition of land, buildings or structures or entering into lease or licence agreements.

3. Roles and Responsibilities (includes Alwyndor)

Mayor and/or Chief Executive Officer	Execution of a Contract document requiring the affixation of the Common Seal of the Council, following the resolution of Council. Councils typically use the Common Seal for formal or legally significant documents, especially where execution requires “deed” formality or where a counterparty specifically requests it. Examples include: • deeds (e.g., Deed of Agreement, Deed of Novation, Deed of Confidentiality). • land transactions – e.g., land transfers, leases, easements, covenants registered on title. • agreements with the Crown or another council where seal execution is expected.
Chief Executive Officer (CEO)	Approval of expenditure of Council funds and the process undertaken preceding the approval request, exceeding expenditure limits delegated. Execution of a Contract document, exceeding expenditure limits delegated. Approval of a Worker maintaining involvement in a procurement activity where an actual or potential conflict of interest has been declared.
All General Managers and Senior Managers	Ensure this Policy is reviewed by Council as required.

Procurement and Supplier Manager Officer	Assist Workers in the application of this Policy and associated Procedure.
Internal Auditor	Conduct periodic audit of Councils procurement activities and assist in the development of assurance metrics to ensure compliance with this Policy and associated Procedures.
Workers holding CEO sub delegation pursuant to Section 37 of the <i>Local Government Act 1999</i> (Approvers)	Enter into contract arrangements on behalf of Council, within financial limitations delegated.
Workers holding CEO sub delegation pursuant to Section 137 of the <i>Local Government Act 1999</i> (Approvers)	Approval of expenditure of Council funds and the process undertaken preceding the approval request, within Financial limitations delegated.

4. Policy Statement

Council is committed to implementing fair, transparent and competitive purchasing and contracting practices to achieve the best value for money outcomes aligned to Council's strategic objectives, community expectations and the requirements of any special funding sources, in particular:

4.1. Value for Money

The Council will undertake efficient and effective procurement to ensure value in the expenditure of public money. Value for money is achieved by ensuring the desired outcome is delivered at the best possible price, accounting for relevant financial and non-financial factors. These factors may include:

- costs – including price, whole of life cycle costs, and opportunity costs
- relevant and relative risks
- the value of any environmental, social and economic benefits
- the maturity of the market for the goods or services being sought
- flexibility or adaptability to possible change over the life cycle of the goods or services being sought
- circumstances or innovations that may not have been foreshadowed at the time this policy was developed.

Value for money may not necessarily favour the lowest price.

To achieve value for money, procurement activities should:

- include a comparative analysis of the costs and benefits of each option
- where relevant, specify the conditions and evaluation criteria in approach to market documents
- consider extending or reviewing existing contracts, if it is determined that such an approach will achieve better outcomes and value for money, compared with a market approach
- not be broken into parts to circumvent this policy.

4.2 Probity, Accountability, Fair and Transparent

All procurement shall be undertaken in a manner that ensures:

- clearly established roles and responsibilities
- appropriate record keeping and documentation
- purchasers must comply with all legal and policy requirements and be impartial, fair and professional in their actions and decisions
- adherence to all applicable legislation, policies and procedures. For instance, purchase orders exceeding \$2,000 require authorisation by an employee independent of the initiator, in accordance with the Organisational Procurement Procedure

- identification and management of actual or potential conflicts of interest (further information below).

4.3 Conflicts of Interest

A Purchaser's duties and responsibilities must be carried out fairly and impartially, without bias, free from improper influence and in the community's interest. Conflicts of interest, actual and perceived, can erode the community's trust that public funds are expended in the public interest.

A Conflict of interest arises where the private interests of a Purchaser conflict, have potential to conflict or might be perceived to conflict, with the conduct of a Purchaser. The personal interests of a Purchaser can be material or financial interests, as well as non-financial interests, arising from their private life. They can be their own personal interests, or the interests of family, friends, or associates. The interests of a business, club, group, or association can also comprise a personal interest for a Purchaser, as can animosities, grievances or biases against other individuals or groups.

There are three types:

- actual conflict of interest exists if private and/or personal interests influence the performance of or decisions made of a Purchaser
- perceived conflict of interest exists if private and/or personal interests appear to influence the performance of or decisions of a Purchaser
- potential conflict of interest exists if private and/or personal interests have potential to influence the performance of or decisions of a Purchaser.

Conflicts of interest will be managed in accordance with internal procedures.

4.4 Social Responsibility

Sustainable procurement aims for the lowest environmental impact possible (on global challenges such as climate change, biodiversity loss, waste, and pollution) and the most positive social results, including diversity, inclusion, and equality in the supplier market, an improvement in community health and wellbeing, and non-breach of modern slavery legislation.

Council acknowledges Traditional Owners throughout Australia and strongly encourages Aboriginal businesses to quote and tender.

As part of Council's commitment to Reconciliation and desire to invite increased Aboriginal economic participation to our City, Aboriginal businesses will, to the extent permitted by law, be given preference when other considerations are equal.

Where Aboriginal expertise is required to deliver outcomes being tendered for, direct engagement of an Aboriginal business is permissible. An Aboriginal business is classified as such if registered on the South Australian Aboriginal Business Register, certified by Supply Nation or registered with an Aboriginal Regional Authority or Aboriginal Landholding Authority and is 50% or more Aboriginal owned and based in South Australia. Council encourages Aboriginal businesses to register on the SA Tenders and Contracts website. Council will model public value and social responsibility by ensuring purchases favour suppliers that provide or support social enterprise and/or contribute substantially to social justice, access and inclusion and equal employment opportunities, to the extent permitted by law.

4.5 Environmental Sustainability

Council promotes environmental sustainability, including emissions reduction, through its procurement activities. It will consider the purchase of environmentally sustainable goods and services where they

meet value for money criteria and all other financial and commercial considerations are equal.

Council will endeavour to ensure legislative compliance and environmentally responsible practices by any contractor engaged to perform services for or on behalf of Council.

4.6 Buy Local

The Council recognises the important contribution local businesses make to the City and actively encourages them to submit quotes and tenders. Where permitted by law, preference will be given to suppliers located within the City of Holdfast Bay whose operations support local economic development, provided all other factors are equal. Preference will also be extended to South Australian and Australian businesses.

4.7 Work Health and Safety

The Council has an obligation to ensure that all suppliers are compliant with the *Work Health and Safety Act 2012* and are competent in the provision of goods or services. Compliant certifications are required to be held by suppliers and made available to the Council on request.

4.8 Fit for Purpose

Services and materials sourced for Council projects must meet Australian standards for design, manufacture and fabrication and be clearly outlined to suppliers during the purchasing process.

4.9 Procurement Thresholds

The Requesting Officer will choose from one of the following minimum requirements for all procurements, where there is no Contracted Supplier agreement in place:

Value of purchase (excluding GST)	Direct Purchasing	Request for Quotes (2 quotes)	Request for Quotes (3 Quotes)		Tender (Open/ Select)		Panel Contract		Strategic Alliances
Less than \$15,000	✓			Or		Or	✓	Or	✓
\$15,001 to \$34,999		✓ RFQ \$15,001 to \$34,999 required		Or		Or	✓	Or	✓
\$35,000 to \$100,000			✓ RFQ \$35,000 to \$100,000 required	Or	✓	Or	✓	Or	✓
Greater than \$100,000					✓		✓		✓

The value of the purchase will be calculated (exclusive of GST) as follows:

- one-off purchase: the total value of the purchase
- multiple purchases: the total value of items/ purchases for a particular project/activity (whole of life costs)
- ongoing purchases: the annual value of the purchases from the supplier.

Purchases must not be broken into parts to circumvent this policy. For clarity, circumvention does not occur if a project or activity is genuinely multi-stage (that is, one stage must logically be completed before the next stage can be planned).

4.10 Exemptions to Procurement Policy

The Procurement Policy does not apply to:

- the continuation of work or services under existing arrangements (for example, variations or minor extensions to existing work orders or contracts to facilitate completion)
- works, goods or services that have been subject to a recent competitive procurement process and the pricing is still valid
- works, goods or services being provided under warranty, servicing, maintenance or defects liability
- works, goods or services where the supply market is known to be limited to the extent that adhering to procurement processes is not feasible.

4.11 Exceptional Circumstances

In certain circumstances and emergencies, the Chief Executive Officer or Council may exempt/waive application of the Procurement Policy and pursue a method which will bring the best outcome for the Council.

This includes when there are timing constraints and where the supply market is known e.g., monopoly exists, limited specialist goods/services required and can only be provided by a single provider (sole supplier), emergency need etc. (not an exhaustive list).

Where an exemption is due to an emergency situation:

- expenditure should be limited to that required to alleviate the emergency situation
- purchasers must ensure that appropriate methods of purchase are resumed as soon as practicable (i.e. purchase order generated, quotations sought for remainder of the goods, works or services other than that required for the emergency response).

On an annual basis an exceptional circumstances report will be provided to Council's Audit and Risk Committee by Procurement Services.

4.12 Under \$100,000

General Manager approval is required if a different purchasing method for purchases under \$100,000 (excluding GST) are used other than those prescribed in this Policy. Approval may be granted for considerations such as market conditions, value for money or availability of the required goods/services from an Aboriginal, local, or other relevant business. Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

4.13 Over \$100,000

Tenders must be called for contracts for goods and services more than \$100,000 (excluding GST) unless:

- a panel contract or strategic alliances are used
- a different competitive process will deliver greater benefit than other methods
- market conditions or circumstances are such that a tender process will not deliver value for money
- the required outcomes to be delivered require Aboriginal expertise and an Aboriginal business can supply the required goods/services
- a local business can supply the required goods/services, and the procurement will demonstrably contribute a significant economic, environmental and/or social good to the City. For clarity, 'demonstrable' means measurable, not indirect/general economic activity. Examples could include, for example, additional long-term jobs in the city, social enterprises directly created by the procurement, new investments made in accessibility or sustainability in the city, etc.

Under such circumstances, the cost of these purchases should be benchmarked (e.g., quantity survey) for value for money.

Purchases between \$100,000 to \$500,000 (excluding GST) require approval of the Chief Executive Officer if a tender, panel contract or strategic alliances are not to be used and an exemption is required. It is at the Chief Executive Officer's discretion to determine whether Council (the elected body) should be notified of the exemption at a following Council meeting (via Items in Brief).

However, purchases more than \$500,000 (excluding GST) require Council's (the elected body's) approval if another purchasing method is to be used other than a tender, panel contract or strategic alliance (via Report to Council).

Exemptions Register: Council's Administration is to record its reasons in writing for exempting the application of this Policy and retained in Council's document management system for probity purposes.

4.14 Unsolicited Proposals

Refer to Council's Unsolicited Proposals Policy.

4.15 Prudential Requirements

It is a requirement that a Prudential Report is prepared for projects exceeding a prescribed value, prior to any purchasing being undertaken (refer to Council's Prudential Management Policy).

8. Definitions

Key term or acronym	Definition
Employee	Means any full-time, part-time, contract, casual, work experience, trainees, and volunteers, as well as those persons working at a Council workplace through a contract or other similar external arrangement.
Local supplier	Means those suppliers and contractors located within the City of Holdfast Bay's boundaries.
Value for money	Refers to the balance between the quality and cost of a product, service, or investment.
Probity	Refers to the quality of having strong moral principles, honesty, and integrity. In practice, it means behaving ethically, transparently, and fairly, particularly in situations that involve public trust or fiduciary responsibility.

Accountability	Is the obligation of council to take responsibility for their actions, decisions, and policies and to be answerable to stakeholders or the public.
Transparent	Means being open, clear, and straightforward about actions, decisions, and processes, without hiding or withholding information.
Social responsibility	Refers to the obligation of individuals, organizations, and governments to act in ways that benefit society as a whole. This involves considering the impact of actions on the community, environment, and economy, and striving to make positive contributions beyond self-interest or profit. Social responsibility can take many forms, including: • Environmental sustainability: Reducing waste, conserving resources, and minimizing environmental impact. • Ethical practices: Ensuring fair labor conditions, promoting diversity, and acting with integrity.
Environmental sustainability	Environmental sustainability refers to responsible practices that aim to protect and conserve natural resources, ensuring that ecosystems remain healthy and resilient over time.

5. Administration Use Only

Reference Number:	Document Set ID 5241442
Strategic Alignment:	Statutory requirement
Strategic Risk:	Poor or ineffective budget development and management.
Responsible Officer(s):	Manager Strategy & Governance Procurement & Supplier Management Officer Manager Finance
First Issued / Approved:	01/08/11
Minutes Date and Council Resolution Number:	28/10/25, C281025/9198
Last Reviewed:	28/06/22
Next Review Date:	28/10/28
Applicable Legislation:	• <i>Local Government Act 1999</i> • Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010 • <i>Work Health and Safety Act 2012</i>
Related Policies:	• Code of Conduct • Disposal of Assets Policy • Organisational Procurement Procedure • Prudential Management Policy • Risk Management Policy, Framework and Procedure • SA Public Participation Policy • SA Public Participation Policy Procedural Guidelines • Supplier Charter • Unsolicited Proposals Policy • WHS Contractor Management Policy
Other Reference Documents:	https://www.lga.sa.gov.au/lgaprocurement