



Procurement Policy

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Related Policies or Documents:	Procurement Procedure Credit Card Policy Financial Delegations Policy and Schedule Employee Recognition and Gifts and Benefits Policy Caretaker Policy Behavioural Support Policy Employee Behavioural Standards Policy Fraud and Corruption Prevention Policy Internal Control Policy[AS1.1] Records Management Policy Risk Management Policy Risk Management Framework[AS2.1] Work Health and Safety Injury Management Policy
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Procurement Policy

1. Preamble

- 1.1. Kangaroo Island Council (KIC) is required under Section 49 of the Local Government Act 1999, to prepare and adopt policies on contracts and tenders; and to develop and maintain policies and practices to ensure KIC is able to demonstrate achievement of overall key objectives:
 - 1.1.1. Obtaining value in the expenditure of public money; and
 - 1.1.2. Providing for ethical and fair treatment of participants, and
 - 1.1.3. Ensuring probity, accountability and transparency in procurement operations.
- 1.2. In compliance with Section 49 of the Local Government Act 1999 (Act), KIC should refer to this policy (Policy) when acquiring goods and services. It requires KIC to prepare and adopt policies on contracts and tenders including:
 - 1.2.1. The contracting out of services; and
 - 1.2.2. Competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 1.2.3. The use of local goods and services.

2. Purpose

- 2.1. In compliance with Section 49 of the Local Government Act 1999 (Act) and best practice principles in procurement, this Policy seeks to:
 - 2.1.1. Define the methods by which KIC can acquire goods and services.
 - 2.1.2. Demonstrate probity, accountability, and responsibility of Council to all stakeholders.
 - 2.1.3. Be fair and equitable to all parties involved.
 - 2.1.4. Enable consistency of approach in the application of procurement processes. and
 - 2.1.5. Ensure that the best possible outcome is achieved for Council.
- 2.2. This policy provides a framework of broad principles, relating to all expenditure-related Procurement activity, irrespective of value, to achieve the best possible outcome for the KIC.
- 2.3. In addition, strategies are identified to ensure KIC is able to achieve corporate objectives whilst meeting legislative requirements, to deliver sound outcomes for KIC and its ratepayers. The policy encompasses the entire Procurement lifecycle, from identification of need through to the end of contract.
- 2.4. This policy is designed to align with KIC's strategic direction, particularly in the areas of key objectives in economic growth; accountable governance and leadership; elements and sustainable service delivery.
 - 2.4.1. KIC aims to achieve advantageous outcomes in procurement of goods, services and works and by:
 - 2.4.2. Enhancing value for money through fair, competitive, non-discriminatory processes;
 - 2.4.3. Promoting the use of resources in an efficient, effective and ethical manner;
 - 2.4.4. Making decisions with probity, accountability & transparency;

- 2.4.5. Advancing and/or working within KIC's economic, social and environmental policies;
- 2.4.6. Providing reasonable opportunities for competitive local businesses to supply to KIC;
- 2.4.7. Appropriately managing risk; and
- 2.4.8. Ensuring compliance with all relevant legislation.

3. Scope

- 3.1. This Policy applies to all procurement activities undertaken in the acquisition of goods or services on behalf of KIC, whilst giving due regard to financial procurement thresholds as outlined further in this document.
- 3.2. The objective of this policy is to provide clear direction and a framework that enables the KIC to achieve best practice in relation to its purchasing functions.
- 3.3. This policy encompasses the whole of life process of acquiring goods and services. It begins when a need has been identified and Council or Staff decide that it is a procurement requirement.
- 3.4. All Procurement activities undertaken by or on behalf of KIC are required to comply with the policy principles, unless expressly approved within this Policy.
- 3.5. Whether expenditure is solicited by Council, or the result of an unsolicited proposal from the private or not-for-profit sectors, and whether transacted via a trading account or Council expense card.
- 3.6. This Policy does not cover:
 - 3.6.1. Non-procurement expenditures such as sponsorships, grants, funding arrangements, donations, and employment agreements.
 - 3.6.2. Real property acquisitions of land, buildings, or structures.
 - 3.6.3. The disposal of land and other assets. or
 - 3.6.4. Procurement processes during the Council Caretaker period. These will be conducted under the requirements of the Council's Caretaker Policy.

4. Definitions

- 4.1. **CEO** means the Chief Executive Officer of the Kangaroo Island Council.
- 4.2. **Council** means the Elected Body.
- 4.3. **Kangaroo Island Council (KIC)** means the administration.
- 4.4. **Acquisition Plan** means a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement
- 4.5. **Agreement** means an agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act that is enforceable in law. An agreement may be verbal, written or inferred by conduct.

- 4.6. **Contractor** Is an individual or organisation that is formally engaged to provide goods or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity.
- 4.7. **Direct Purchase** Procurement process undertaken by directly approaching and negotiating with one supplier or contractor without testing the market. This method is generally only appropriate for low value and low risk goods and services.
- 4.8. **Emergency Situation** A situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The Chief Executive Officer has the authority to act in an Emergency Situation: goods and services in these instances may be purchased from a supplier or contractor without reference to the financial limitations provided in this Policy.
- 4.9. **Expression of interest (EOI)** Used to identify suppliers and contractors interested in, and capable of, delivering the required goods or services. Potential suppliers and contractors are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.
- 4.10. **Goods** A physical or tangible item that does not include a labour component
- 4.11. **Lifecycle cost** the total cost of an item or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support), and disposal, if applicable. Also referred to as whole of life cycle cost or total cost of ownership.
- 4.12. **Local Supplier** A supplier or contractor which is beneficially owned by persons who are residents or ratepayers of the Council, or has its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers.
- 4.13. **Market Approach** The process undertaken to inform the market of your requirements to obtain offers to meet your requirements.
- 4.14. **Probity** Uprightness, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
- 4.15. **Procurement** A series of activities that are undertaken when purchasing goods and services, based on three key phases,: planning, purchasing and contract management
- 4.16. **Procurement process** The step-by-step process for the planning, establishment and contract management of small and large acquisitions.
- 4.17. **Purchasing** The process by which an organisation contracts with another party to obtain the goods and services required to fulfil its business objectives.
- 4.18. **Quotation/quote** An offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation. Often used interchangeably with proposal, tender, bid and offer.
- 4.19. **RFQ** A written process of inviting offers to supply goods and/or services involving simple documentation and a limited number of potential suppliers or contractors.

- 4.20. **RFT** An invitation to supply or a request for offer against a set of clearly defined and specified requirements. Invitees are advised of all requirements involved including the conditions of participation and proposed contract conditions.
- 4.21. **Services** The performance of a task, duties or work for another, by an individual or an organisation, which normally involves the provision of labour and/or professional services.
- 4.22. **Supplier** A person or entity that provides goods or service to the Council.
- 4.23. **Strategic Alliances** Council may engage a contractor pursuant to existing contracts or agreements established or administered by other parties including, but not limited to:
- 4.23.1. the State Government of South Australia
 - 4.23.2. the Local Government Association of South Australia
 - 4.23.3. LGA Procurement (LGAP)
 - 4.23.4. a purchasing group of which Council is a member
 - 4.23.5. Procurement Australia
 - 4.23.6. an Eastern Region Alliance (ERA) Member Council
 - 4.23.7. any other South Australian Council, or
 - 4.23.8. any other joint venture, partnership, agreement, contract or strategic alliance entered into with any other South Australian Council, or pursuant to the ERA Memorandum of Understanding
 - 4.23.9. and may also purchase goods, services and /or works by leveraging contracts or agreements with entities aiming to:
 - a. reduce direct and indirect purchasing costs, and/or
 - b. provide tangible benefits through joint purchasing, and/or
 - c. improved delivery and/or quality of outcomes to residents, and/or
 - d. attracting more competition or a more suitable field of providers to respond to a tender.
- 4.24. **Total Cumulative Spend** The total expenditure with a supplier or contractor or a number of suppliers or contractors over a set time period providing similar goods or services of an ongoing nature
- 4.25. **Value for money** Achieved in procurement by finding the optimum balance of financial and non-financial factors including whole of life cost (lifecycle cost).
- 4.26. **Whole of life cost** the total net cost incurred when acquiring goods or services and is made up of all initial procurement costs, operating and maintenance costs, disposal costs and termination costs, less the residual value and sale proceeds, if applicable.

5. Policy Statement

- 5.1. Council is committed to implementing fair, transparent and competitive purchasing and contracting practices achieving optimum value for money outcomes aligned to the Council's strategic objectives, community expectations and the requirements of any special funding sources.

5.2. Key Procurement Principles

5.2.1. In identifying the strategy and approach to be undertaken for a procurement, consideration must be given to embedding the following key principles across all stages of a procurement process:

5.2.2. Obtaining value in the expenditure of public money:

- a. KIC will undertake effective and efficient procurement and associated contract management activities to ensure the delivery of value for money with public money being wisely spent. Achieving value for money involves determination of the extent the solution proposed will deliver the best combination of whole of life cost and quality factors. Value for money can be driven through each stage of a procurement process.
- b. Principles:
 - i. Council Corporate systems with KIC's long term financial plan and strategic direction and associated Goals.
 - ii. Identification of relevant direct and indirect benefits to the community and the Kangaroo Island Council
 - iii. Consideration of both financial and non-financial factors associated with the purchase of goods, works or services in a timely and efficient manner– which is commensurate to the nature of the purchase.
 - iv. Utilisation of various procurement methods to provide an efficient and effective approach, ensuring appropriate planning time is allowed to minimise rushed decisions.
 - v. Assessment of risk under the following categories– overall due diligence including financial risk; operational risk; work, health and safety risk; legal risk; and reputational risk.
- c. KIC will have regard to a range of measures to assist in delivery of a sound outcome:
 - i. Identification of well-defined objectives to assist in the selection of the most appropriate procurement methods. Higher risk acquisitions require a more formal Procurement planning methodology and higher level of management oversight.
 - ii. Understanding of the current market– and consideration of available supply opportunities which may exist with third party contract arrangements.

- iii. Maintaining and developing a competitive market.
- iv. Consideration of social inclusion; economic assessment; environmental and/or sustainability initiatives, where beneficial and appropriate.
- v. Detailed specifications ensure shared understanding of requirements. Reduces risk of uncertainty and high variations.
- vi. Establishing appropriate evaluation criteria such as compliance to the specification and KIC's needs, commercial matters, community service obligations, whole-of-life cost (which takes into account all aspects of cost over time including capital, maintenance and support, management, disposal and operating costs) and supplier support.
- vii. Within the evaluation process, negotiating with suppliers to seek clarity with contractual terms and conditions, or delivery/specification ambiguities.
- viii. Ensuring appropriate contract management ongoing to ensure delivery of the specifications for supply meet the quality statements and be fit for purpose.

5.2.3. Providing for ethical and fair treatment of participants:

- a. KIC Officers and Elected Members will ensure impartiality, fairness, independence, openness and integrity in all discussions and negotiations. Includes conflict of interest (actual or perceived) obligations and confidentiality.
- b. Principles:
 - i. Ensuring reasonable access for all suitable and competitive suppliers.
 - ii. Ensuring no tenderer is advantaged or disadvantaged through access to different information.
 - iii. Undertaking duties in an ethical, impartial and reasonable manner whilst exercising sound judgement.
 - iv. Buying without favouritism or prejudice.

5.2.4. KIC will have regard to a range of measures to assist in delivery of a sound outcome:

- a. Ensuring KIC Officers and Elected Members disclose any conflict of interest or personal interest when undertaking a procurement activity.
- b. Ensuring evaluation criteria and any specific methodology is identified in request documentation, to enable tender of the best solutions to meet the needs of KIC.
- c. Apply the approval evaluation approach in a transparent decision-making process.
- d. Maintain an appropriate audit trail of the full process.

5.2.5.Ensuring probity and integrity

- a. Requires the applications of the highest standards of integrity, probity and professional conduct in procurement. Full compliance with Codes of Conduct, Fraud and Corruption Policy, and ICAC legislation.
- a. Principles:
 - i. Ensure conduct in line with the Employee Behavioural Standards Policy
 - ii. Ensure compliance with the Fraud and Corruption Prevention Policy.
 - iii. Ensure compliance with obligations under the ICAC Act legislation.
 - iv. Exercising appropriate levels of delegation and segregation of duties in the decision-making process.
- b. KIC will have regard to a range of measures to assist in delivery of a sound outcome:
 - i. Maintaining confidentiality across the entire project and beyond, to ensure confidential information is protected accordingly under the terms and conditions of our contract arrangements.
 - ii. Not accepting gifts or favours from actual or potential suppliers which could be seen to compromise the integrity of the process.
 - iii. Ensuring conflict of interest statements are a standard requirement in procurement. A conflict– whether potential, actual or perceived, must always be divulged, not discovered.
 - iv. Ensuring knowledgeable evaluation personnel are selected to minimise uninformed decisions. Expertise of officers needs to be commensurate with the nature and risk profile of the procurement being undertaken.
 - v. Established procedures to ensure ethical practices and be assured.

5.2.6.Accountability and transparency

- a. KIC will ensure accountability through appropriate delegations and reporting, and adequate management and provision of information for Procurement activities.
- b. Principles:
 - i. The CEO is responsible to ensure the overall integrity and accountability of decisions made. The CEO holds authority to issue sub-delegations allocated annually.
 - ii. Delegations will only be exercised within the boundaries of their delegations and KIC policies and procedures and officers are responsible for purchasing decisions.
 - iii. Application of all internal controls and audit processes for all procurement processes.
 - iv. Ensuring that goods and services purchased are delivered, in

- accordance with the purchase order or contract, and used solely for KIC business or in accordance with KIC policy.
 - v. Ensuring Contract Management is equipped to monitor performance to ensure contractors and suppliers are accountable for delivery of agreed outcomes. Delegations will be provided to position and confirmed annually.
 - vi. Exercise of a delegation is confirmation that the appropriate process has been fully complied with, in accord with policy and procedures, and approved processes.
- c. KIC will ensure accountability through appropriate delegations and reporting, and adequate management and provision of information for Procurement activities.
- d. Principles:
- i. The CEO is responsible to ensure the overall integrity and accountability of decisions made. The CEO holds authority to issue sub-delegations allocated annually.
 - ii. Delegations will only be exercised within the boundaries of their delegations and KIC policies and procedures and officers are responsible for purchasing decisions.
 - iii. Application of all internal controls and audit processes for all procurement processes.
 - iv. Ensuring that goods and services purchased are delivered, in accordance with the purchase order or contract, and used solely for KIC business or in accordance with KIC policy.
 - v. Ensuring Contract Management is equipped to monitor performance to ensure contractors and suppliers are accountable for delivery of agreed outcomes. Delegations will be provided to position and confirmed annually.
 - vi. Exercise of a delegation is confirmation that the appropriate process has been fully complied with, in accord with policy and procedures, and approved processes.

5.2.7. Encouragement of open and effective competition

- a. Open and effective competition is the central operating principle in pursuit of the best outcome. Openness requires procurement actions that are visible to the KIC, ratepayers and suppliers. The probability of obtaining the best outcome is increased in a competitive environment.
- i. KIC will create competition by maximising the opportunities for commodity and service providers to conduct business with it through the selection of procurement methods suited to market conditions.
 - ii. KIC aims to promote efficient competition between public and private businesses through the application of competitive neutrality

principles and practices to significant local government activities pursuant to the Competition Policy Reform (South Australia) Act, 1996

5.3. Procurement Planning

5.3.1. Procurement approaches should be commensurate with the risk and complexity of the requirement, to adopt the best approach to achieve KIC objectives. Within the planning, consideration of secondary principles should also be undertaken to best align strategies with KIC objectives. In developing planned approaches, the strategic plan and associated KIC Goals are to be taken into consideration prior to finalising the strategy.

5.3.2. Risk Management

- a. To identify risks, minimise uncertainty, and improve risk profiles thereby contributing to the achievement of better value for money.
- b. Principles:
 - i. All procurement practices will consider the risks associated with the procurement and the controls and practices will be implemented to minimise KIC's risks to acceptable levels.
 - ii. Development of a risk management strategy, commensurate with the risk profile of the procurement, to ensure risks are identified and mitigated throughout the life-cycle of the project.
- c. KIC will have regard to a range of measures to assist in delivery of a sound outcome:
 - i. Detailed specifications developed to ensure shared understanding of requirements. Reduces risk of uncertainty and high variations.
 - ii. To ensure quality of product, consideration of suppliers and manufacturers who are quality endorsed, and accredited to the ISO 9001 Quality Standard or similar lowers the risk of the procurement.
 - iii. Establishment of ongoing Contract Management to ensure the lowest risk profile to delivery of a contract, particularly capital works.
- d. Strategic Alliances
 - i. Council aims to utilise Strategic Alliances where practicable to increase purchasing power, generate efficiencies in procurement, improve access to contractors and benefit from market approaches undertaken by others
 - ii. Council will explore opportunities to collaborate on procurement initiatives and leverage its partnerships with the State Government, LGA, Procurement Australia, Eastern Region Alliance (ERA) and other SA Council or joint ventures, agreements and Strategic Alliances.

- iii. These opportunities could include:
 - a. Undertaking joint approaches to market for the supply of goods or services.
 - b. Sharing information about previous or current approaches to market
 - c. Exploring opportunities with suppliers or contractors to replicate commercial terms on existing or future goods or services.
- iv. When utilising a Strategic Alliance, the procurement arrangements established by the Alliance will be deemed to satisfy the requirements and principles of this Policy.
- v. The appropriate procurement method will be determined on a case by case basis. Consideration needs to be given to the aggregate spend for the life of the contract/agreement with each supplier to ensure that the aggregate amount remains within the appropriate procurement category.
- vi. Participation in a procurement process imposes both a monetary and time impost on Council and potential suppliers. These imposts will be considered when determining a process commensurate with the scale, scope and relative risk of the proposed procurement.

5.3.3.Simplicity

- a. To ensure procurement processes are clear, straightforward, readily implemented and easily monitored. To simplify the sourcing process, KIC employees must first consider use of Strategic alliance contract arrangements, which have been negotiated on behalf of local governments in South Australia.
- b. KIC will have regard to a range of measures to assist in delivery of a sound outcome:
 - i. Purchasing from approved contracts or established standing offers which are supported by current contracts and established under a formal market approach.
 - ii. Utilisation of strategic collaborative arrangements which have been established in alignment with the key principles of the Act (such as LGA Procurement; National Procurement Network; State Government) where considered appropriate. Where use of strategic contract arrangement is cost effective and does not disadvantage local suppliers, preference will be given to use of that agreement to minimise administrative burden to both suppliers and KIC.
 - iii. Utilising standard terms and conditions; and open and generic specifications
 - iv. Streamlining business practices to remove the administrative burden of unnecessary duplication and ad hoc / unplanned procurement.

5.3.4. Encouragement of the development of competitive local business and industry

- a. Consideration will vary with each procurement, to determine local and/or regional opportunities. KIC will provide preference to support Local— where the demonstration of capability/quality capacity and competitiveness is established.
- b. KIC will have regard to a range of measures to assist in delivery of a sound outcome:
 - i. Note that a procurement planned to be in excess of \$550,000 shall require a formal Industry Participation Policy Plan to be developed, to provide a clear statement of the contractor's commitment to optimise the benefits of the contract to the KIC economy; and to use local industry, where possible.
 - ii. Procurement planning is to consider options in the market awareness to determine possible economic benefit to KIC prior to any market approach
 - iii. Where assessment of offers (where price and quality and deliverables for a like outcome is offered) by two or more suppliers are identified as comparable— highest preference is to be given to local KIC region suppliers, followed by suppliers located on Fleurieu Peninsula; then South Australia.
 - iv. Consideration should assess possible labour hours; supply input value, and capital benefits- eg the difference between a manufacturing entity providing capital benefits, to a distributor as a supplier, to a service contractor providing labour.
 - v. Planning should consider the ability to create local employment opportunities; enable better contract management through on-site or local communications; assess supply impacts.
 - vi. Whilst a weighting can be applied, procurement processes may well utilise economic benefits in methodology which will clearly preference local (e.g. mobilisation costs; service charges relative to travel time)— without applying a weighting direct on location. KIC may apply a locality weighting up to 15% across the various components of economic assessment.

5.3.5. Purchasing Australian made products

- a. Consideration of the benefits of purchasing goods that are made in Australia form part of any product assessment including:
 - i. Fit for purpose assessment;
 - ii. quality will meet expectations for use and life expectancy;
 - iii. equipment, where appropriate, will be compatible with existing equipment;
 - iv. encouragement of local industry to develop and utilise best practice technologies;
 - v. availability of readily available servicing or spare parts without

delaying KIC's ability to meet service expectations to the community.

5.3.6.Environmental aspects

a. Within procurement planning, KIC will seek to:

- i. adopt purchasing practices which conserve natural resources; align the KIC's procurement activities with principles of ecological sustainability;
- ii. purchase recycled and environmentally preferred products where possible;
- iii. integrate relevant principles of waste minimisation and energy; foster the development of products and services which have a low environmental impact;
- iv. provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

5.3.7.Work, Health and Safety

- a. To ensure appropriate consideration of WHS elements, prior to making any decision to purchase, lease, hire plant, equipment, substances or anything that may affect the health, safety or welfare of any person in the workplace, consultation must occur with relevant WHS personnel. WHS obligations are non-negotiable and legislated.
 - i. Section 70 of the Work Health and Safety Act 2012– identifies “General obligations of person conducting a business undertaking”.
 - ii. Section 14 of the Work Health and Safety Act 2012– “Duties of Manufacturers” who can demonstrate that the plant, equipment or substance is safe and has been tested or examined, complies with prescribed standards and codes and can make available adequate information to ensure safe use, handling, processing, storage, transportation or disposal.
 - iii. Procurement of any plant, equipment and substances must be undertaken from manufacturers, suppliers or distributors who are able to demonstrate full compliance with the WHS Act, and in particular, Section 14.
 - iv. Procurement evaluation must ensure an appropriately skilled person confirms all WHS assessment, through all stages of a procurement project.
 - v. KIC holds a pre-qualification register of contractors who have met WHS requirements. For emergency procurement, utilisation of these contracts can expedite engagement.

5.4. Emergency Procurement

5.4.1. The CEO (or delegate) may authorise procurement activities during an emergency, taking into account KIC's procurement objectives, as an exemption to a full procurement process under the following circumstances:

- a. In the interest of public safety
- b. To avoid major expenses from an unplanned event
- c. To provide security of KIC's assets (e.g.) invoking the Emergency Response Plan or Business Continuity Plan.

5.4.2. When responding to an Emergency, Procurement activities should be undertaken in the most expedient manner possible, complying with normal policies and guidelines wherever possible.

5.4.3. In the case of an emergency, requirements relating to procurement will be waived in the early initial response phase of an emergency. For expediency, suppliers with current formal contractual arrangements will be given first consideration. Where a purchase is made under this clause, the expenditure will be limited to that required to alleviate the emergency situation only.

5.4.4. Requirements relating to procurement will be waived in the early initial response phase of an emergency. For expediency, suppliers with current formal contractual arrangements will be given first consideration. Where a purchase is made under this clause, the expenditure will be limited to that required to alleviate the emergency situation only.

5.5. Procurement Objectives

5.5.1. Council is committed to achieving a range of objectives through its procurement processes that may be considered alongside achieving value for money outcomes. Such objectives should be supported by appropriate evaluation criteria and weightings and decisions of Council.

5.5.2. Procurement activities undertaken by Council can include the following objectives:

Objective 1 - Open and Fair Competition

Open and fair competition will be fostered and maintained by providing suppliers and contractors with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:

- There is reasonable access for all suitable and competitive suppliers and contractors to the Council's business.
- Where market circumstances limit competition, procurement activities recognise this, and associated methodology takes account of it. and
- Adequate, identical, and timely information is provided to all suppliers and contractors to enable them to quote or tender.

Objective 2 - Value for Money

Value for money outcomes can be achieved through balanced consideration of financial and non-financial factors relevant to the procurement.

The following factors should be considered:

- The contribution to Council's long-term plan and strategic direction.
- Any relevant direct and indirect benefits to Council, both tangible and intangible.
- Efficiency and effectiveness of the proposed procurement activity.
- The performance history, quality and scope of services, and support of each prospective supplier and contractor.
- Fit for purpose of the proposed goods or service.
- Whole of life costs including acquiring, using, maintaining and disposal.
- Council's internal administration costs.
- Technical compliance issues and costs.
- Risk exposure and WHS considerations.
- Prevailing market forces and trends.
- The value of any associated environmental benefits.
- Local Economic development and social inclusion.
- Trade-in values. and
- Other relevant matters identified in specific procurement process documentation.

Objective 3 - Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities.
- Appropriate record keeping and documentation.
- Integrity through transparency of process and documentation of decisions made.
- Adherence to relevant legislation, policy, and procedure.
- Identification and management of actual or potential conflicts of interest. and
- Confidentiality of all commercial information.

A Probity Advisor and/or Auditor may be appointed to advise on, or review, the procurement activity.

Objective 4 - Ethical Behaviour and Fair Dealing

All personnel involved in procurement activities are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism.
- Provide all suppliers and contractors with equal opportunity to supply to Council.
- Establish clear and easy to understand documentation requirements, evaluation criteria and methodology.
- Provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors. and
- Ensure effective communication and provision of information to all suppliers and contractors.

Objective 5 – Identification and Management of Risk

The Risk Assessment process should consider financial, supply, business, legal, management, reputations, probity, work health and safety, environmental, public safety, political and sensitive risks.

Risks relating to the procurement process may include:

- Procurement of unsuitable product or service.
- Funding (e.g. internal & external, impact on long term financial plan).
- Probity failure.
- Inappropriate or inadequate specification.

- Negotiation of agreement terms/failure to agree to terms.
- Actual or perceived breach of probity/confidentiality.
- Lack of responses/limited supplier participation. and
- Evaluation processes.

Risks relating to the engagement of the product/service provider may include:

- Supplier capability/capacity/availability.
- Agreement management/supervision.
- Price variations.
- Agreement disputes. and
- Unauthorised change in scope of work.

Risk Assessment

Council personnel will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities, including risk identification, assessment, and implementation of controls.

Procurement risk assessments will focus on assessing a potential supplier's and contractor's capacity and capability to meet Council's requirements, and identify any other factors which might result in goods or services not being successfully delivered.

Risk Based Approach to Market

Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Work Health Safety

Council is committed to protecting health, safety, and welfare. Council personnel will ensure that its procurement activities protect the health, safety and welfare of its workers, elected members, customers, and community.

- If the procurement of services, goods, materials or plant and equipment involves implications for work, health or safety, Council's Work Health & Safety & Risk Management Team should also be consulted prior to such procurement. and
- Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS requirements.

Objective 6 - Environmental Sustainability

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal. This can be by:

- Purchasing recycled and environmentally preferred products where possible.
- Adopting purchasing practices which conserve natural resources.
- Aligning the Council's procurement activities with principles of ecological sustainability.
- Select products and services which have lower environmental impacts across their life cycle compared with competing products and services.
- Integrating relevant principles of waste minimisation and conservation of energy.
- Provide leadership to business, industry, and the community in promoting the use of environmentally sensitive goods and services. and
- Fostering the development of products and services which have a low environmental impact.

Objective 7 - Local Economic Benefit

Council recognises the significant impact that its operations play in the local economy yet is mindful of its requirement to provide optimum value for money outcomes through its procurement activities and achieve budget expectations.

Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:

- Promoting to local and regional businesses opportunities to supply to the Council.
- Giving preference to local business when all other commercial considerations are equal.
- Encouraging Aboriginal and Torres Strait suppliers and contractors to quote and tender.
- Giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth. and
- Considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

Objective 8 - Social Impact

This refers to the intentional generation of social value through procurement processes that can occur through direct or indirect approaches, but is not limited to:

- Indigenous Suppliers and Contractors.
- People with a disability.
- Women in business.
- Small to medium business. and
- Not for Profit (Community groups) or Charities

Objective 9 - Effective Management of the End-to-End Procurement Lifecycle

The procurement lifecycle includes all of the steps and tasks within the procurement process, from needs identification and data gathering to contract management, delivery of goods or services and relationships with suppliers and contractors.

Council personnel will determine appropriate methodology within the various steps of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control with regard to the scale, complexity and importance of the goods or services being acquired.

5.6. Procurement Thresholds

5.6.1. Procurements are to be in accordance with Council's financial thresholds outlined in Council's Procurement Policy and/or Procedure.

5.6.2. The value of the procurement is calculated as follows:

- Single one-off procurement – the total amount, or estimated amount, of the procurement (excluding GST).
- Multiple procurements with the same supplier or contractor – the gross value, or the estimated gross value, of the procurements (excluding GST). or
- Ongoing procurements over time – the annual gross value, or the estimated annual gross value, of the procurements (excluding GST).

5.6.3. The value of a procurement or transaction is calculated across all elements of the procurement process including any agreement options, extensions, renewals, and contingencies (exclusive of GST) and should be considered in the planning phase of the project.

5.6.4. Splitting the value of the purchase into individual components to meet with lower value of Purchase Thresholds is not permitted.

5.6.5. If the Council enters into a strategic alliance procurement process under this policy (Strategic Alliances) then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken.

5.6.6. Council can meet its procurement requirements through contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this policy. The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances.

Procurements are to be in accordance with Council's financial thresholds outlined below:

Value of Procurement	Market Approach Minimum Requirements	Market Approach Options	Agreement Type	Approver
Note 1: Where Risk Assessment/CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council Resolution				
\$0 to \$5,000	1 x verbal quotation	- Purchase Order - Verbal quote - must be supported by a level of written documentation	- Purchase Order - Credit Card - Petty Cash (\$50) - Store Account	As per Council Delegations Register
\$5,001 to \$15,000	1 x written quotations	- Council's pre-qualified contractor register - Council's existing panel arrangement or standing offer - Vendor Panel www.vendorPanel.com.au	- Purchase Order - Services Agreement - Works Agreement - Goods Agreement	As per Council Delegations Register
\$15001 to \$50,000 (see Note 1)	2 x written quotations or - LGAP panel contract	- Council's pre-qualified contractor - Council's existing panel arrangement or standing offer - Vendor Panel www.vendorPanel.com.au	- Purchase Order - Services Agreement - Works Agreement - Goods Agreement	As per Council Delegations Register
\$50,001 to \$150,000 (see Note 1)	3 x written - LGAP panel contract	- Council's pre-qualified contractor register - Council's existing panel arrangement or standing offer - Vendor Panel www.vendorPanel.com.au	- Purchase Order - Services Agreement - Works Agreement - Goods Agreement	- As per Council Delegation Register
\$150,001 to \$250,000 (see Note 1)	3 x written quotations and formal short form contract or - LGAP panel contract	- Council's pre-qualified contractor register - Council's existing panel arrangement or standing offer - Vendor Panel www.vendorPanel.com.au	- Purchase Order - Services Agreement - Works Agreement - Goods Agreement	As per Council Delegation Register
Above \$250,00	- Open Request or Selected for Tender or - LGAP panel contract	- SA Tenders and Contracts www.tenders.sa.gov.au - Vendor Panel www.vendorpanel.com.au - Council's existing panel arrangement or standing offer	- Purchase Order - Services Agreement - Works Agreement - Goods Agreement - AS 4000 - AS 4902	Council Resolution

5.7. Cumulative Spend

5.7.1. **Cumulative Spend** is defined as the total value of related procurements with a supplier or contractor over a specified period, including any contract options, extensions and renewals (exclusive of GST). This includes the aggregated value of goods or services supplied over time, typically over a financial or the expenditure is a carry forward expenditure of council.

5.7.2. Cumulative spend will be monitored by Council to ensure that appropriate procurement processes have been applied and that procurement thresholds are not avoided. Where cumulative spend indicates a higher procurement category, Council will undertake the appropriate market approach in accordance with this Policy.

5.7.3. It is an offence under the financial delegations for an officer to break down a purchase for the purpose of avoiding a specific delegation threshold. Cumulative spend which has, or is likely to exceed the threshold, for ongoing supply of like materials, goods, services or works is subject to the need for a formal market approach to establish the arrangements ongoing prior to standing orders being established.

5.8. Procurement Methods

5.8.1. The method of procurement will typically be documented in an Acquisition or Probity Plan, with reference to a number of factors including procurement complexity, value, risks, characteristics of the supply market, and Council's strategic objectives - and in accordance with procurement thresholds.

5.8.2. Generally, open and fair competition is best achieved by undertaking an appropriate tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the KIC– in such instances, other market approaches may be more appropriate. The CEO may, having regard to its Procurement Principles and any other factors considered relevant by the CEO, in their absolute discretion determine to utilise any one or more of the procurement methods identified, or an alternative option.

5.8.3. Personnel with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures, including the identification of risk are observed.

5.8.4. Planning must consider a number of factors, prior to determining an appropriate approach to deliver KIC's objectives; commensurate with the risk and complexity of a requirement. When identifying the appropriate market approach to apply, KIC will consider a number of factors, including:

- a. cost of an open market approach versus the value of the acquisition and the potential benefits of open vs selective;
- b. the total estimated value of the purchase across the life of the engagement– and whether a “new” approach is significant enough to be attractive to induce competition;
- c. the objectives of the procurement;

- d. KIC's strategic direction may prioritise economic, environmental or social inclusion elements for specific projects;
- e. the size of the market and the number of competent suppliers, particularly in the local region;
- f. KIC's leverage in the marketplace;
- g. time constraints and urgency of supply (not including lack of planning);
- h. the risk profile and associated risks may dictate a specific contractor engagement (particularly where there is a requirement for further supply of a previous product/ service)
- i. Delegation limits taking into consideration accountability, responsibility, operational efficiency.
- j. Previous experience with suppliers / contractors and the ability of the contracted preferred supplier to deliver goods or services to KIC's expectations.
- k. Compliance with statutory obligations (eg, limited number of contractors with specific trade certification for work)

5.8.5. For the purpose of this description, a market approach can take the form of a Direct Negotiation Sourcing; Expression of Interest (EOI) staged approach; a Request (RFx)– being a Request for Tender; Quote; Proposal– with the definition differentiated by the specification style.

5.8.6. Details are listed below;

- a. Direct Purchasing
 - Direct purchasing is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.
 - Procurement method may be conducted where transactions are of low value and low risk.
 - Prices should be tested for currency prior to awarding supplier or contractor to give consideration to Value for Money.
- b. Request for Quotations (RFQ)
 - This is where Council obtains quotations from prospective suppliers or contractors for the provision of low value, low risk goods and services.
 - This method may be suitable for simple, largely price-based purchases.
- c. Expressions of Interest (EOI)
 - Expressions of Interest are useful when the number of suppliers or contractors, market size or the approach to solving a problem is largely unknown.
 - Such a process can form the platform for a future Request for Tender

for the goods and/or services required.

- Council should attempt to assess the market before conducting an EOI process and refine its requirements as much as possible to ensure responses are targeted appropriately.

d. Request for Tender (RFT)

- This is where the Council issues a tender for the goods or services required.
- Council may issue a “Select” Request for Tender where it has already issued an EOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers or contractors.
- Otherwise, Council may issue an “Open” Request for Tender.

e. Panel Contracts

Council may establish its own panel arrangements with a select group of suppliers or contractors to increase efficient procurement of goods and services.

- Panels must be established following the principles of this Policy.
- Any panels must operate under an Agreement and managed for performance and on-going value for money opportunities.

f. Strategic Alliances

If the Council enters into a strategic alliances procurement process under this policy (Strategic Alliances) then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken. Council can meet its procurement requirements through contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this policy. The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances.

These include, but is not limited to:

- LGA Procurement (via VendorPanel).
- A purchasing group of which the Council is a member.
- Some State Government contracts.
- Ad hoc alliances created with other Local Government entities. and
- Insert any others

5.9. Exemptions from this Policy

5.9.1. This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

- 5.9.2. The authority to provide an exemption from using the required method of procurement will be delegated to the Chief Executive Officer in accordance with expenditure sub-delegations as prescribed in Council's Delegations Register, currently stated as expenditure up to but not exceeding \$250,000 (GST exclusive).
- 5.9.3. Reasons for any exemption to the procurement method must be documented and registered in Council's Electronic Document Records Management System
- 5.9.4. The Chief Executive Officer or delegate, in approving this exemption process, will consider the scale, scope and relative risk of the purchase, including the principles defined in this Policy.
- 5.9.5. A request for an exemption or waiver of a competitive process should not be viewed as a mechanism to remove the need for rigorous procurement planning.
- 5.9.6. Situations where it may be appropriate to waive application of this policy are:
- There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property.
 - The pressures of time are such that an open tender call is not feasible, such as where there has been an unanticipated Council or Government policy decision.
 - Council purchases assets or goods at an auction up to \$100,000.<amend as required>
 - Council purchases second hand assets or goods up to \$100,000. .<amend as required>
 - A supplier or contractor is evidenced to be a "sole supplier or contractor" in the market and effectively a niche specialist or monopoly, rendering the tender process redundant.
 - A supplier or contractor who has considerable background knowledge and experience, or specialist expertise on a particular project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specialised period of time.
 - Continuation of services under an existing purchasing arrangement (i.e. variations/extensions to existing purchase orders or agreements).
 - Goods or services are being provided under an existing purchasing arrangement (i.e. warranty, servicing, maintenance or defects liability).
 - Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g. time, objective, financially) if subjected to a further competitive engagement process.

5.10. Delegations

- 5.10.1. Expenditure sub-delegations, detailing authorised purchases, purchasing limits and the ability to enter an agreement are prescribed in Council's Delegations Register.

- 5.10.2. This Policy also applies to any Committee of Council, or other delegated bodies with specific delegated authority to procure good under its Terms of Reference. Where there is a conflict between the Terms of Reference and this Policy for the procurement of goods or services, this Policy will prevail.

6. Availability and Grievances

This Policy will be available for inspection at the KIC Offices, 43 Dauncey Street, Kingscote during ordinary business hours and via the KIC website:
www.kangarooisland.sa.gov.au

Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the KIC Schedule of Fees and Charges.

Any grievances in relation to this policy or its application should be forwarded in writing, addressed to the Chief Executive Officer, Kangaroo Island Council, PO Box 1221, Kingscote SA 5223.

SIGNED:



Chief Executive Officer

Date: 9 June 2026

History:		
Date Reviewed:	Version:	Reason for Amendment:
10 September 2010	Version 1	Date Adopted by Council
13 June 2012	Version 2	Remove Disposal of Assets into new policy
12 July 2012	Version 3	Inclusion of clause under 4.6 Delegated Purchasing Authority
12 June 2013	Version 4	Annual Policy Review by Council 2013-14
11 June 2014	Version 5	Annual Policy Review by Council 2014-15
9 June 2015	Version 6	Annual Policy Review by Council 2015-16
21 June 2016	Version 7	Annual Policy Review by Council 2016-17
13 June 2017	Version 8	Annual Policy Review 2017-18 Ref# C189:2017
12 June 2018	Version 9	Annual Policy Review 2018-19 Ref# C176:2018
12 June 2019	Version 10	Annual Policy Review 2019-20 Ref# C214:2019
12 May 2020	Version 11	Council Policy Review Ref: C232:2020
14 June 2022	Version 12	Full Policy Review
9 June 2026	Version 13	Full Review of Policy