

Council Policy Name: Purchasing Policy

Responsible Directorate: Finance and Corporate Services

Version: Current

1. PURPOSE

- 1.1. The City is committed to using efficient and effective purchasing procedures that are directed towards delivering the most advantageous purchases of goods and services by the City.
- 1.2. The City’s purchasing policy is directed at satisfying the following objectives:
 - a. Achieving ‘best value for money’ with respect to all purchasing;
 - b. Ensuring that the City complies with all regulatory obligations;
 - c. Strengthening integrity and confidence in the purchasing system;
 - d. Ensuring that sustainable benefits, such as environmental, social and local economic factors are considered in the overall ‘best value for money’ assessment;
 - e. Mitigating probity risk, by establishing consistent and demonstrated administrative processes that promote transparency and fairness; and
 - f. Ensuring that purchasing activities are conducted in a consistent and efficient manner across the City.

2. SCOPE

- 2.1. This Policy is applicable to all purchases made by the City.

3. DEFINITIONS

Term	Meaning
Act	<i>Local Government Act 1995 (WA).</i>
Formal RFQ	A request for quotation that contains pre-determined evaluation criteria to assess all value for money considerations, evaluated by a panel consisting of at least 2 City officers.
GST	The goods and services tax under the <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i> .
Panel	A Panel of Pre-Qualified Suppliers established under the Regulations.
Policy	This City of Busselton Council policy titled “Purchasing Policy”.
PQS	A Request for Applications to Join a Panel of pre-qualified suppliers.
Regulations	<i>Local Government (Functions and General) Regulations 1996 (WA).</i>
WALGA	Western Australian Local Government Association.

4. STRATEGIC CONTEXT

- 4.1. This Policy is made in connection with the following Key Goal Areas of the City’s Strategic Community Plan 2017:
 - a. Key Goal Area 6 – Leadership – Governance systems, process and practices are responsible, ethical and transparent;

- b. Key Goal Area 4 – Economy – An innovative and diversified economy that provides a variety of business and employment opportunities, and a community where local business is supported and in turn drives our economy.

5. POLICY STATEMENT

- 5.1. Purchasing is to be carried out to deliver the most advantageous outcome for the City.
- 5.2. Full accountability shall be taken by Councillors and employees for all purchasing decisions.
- 5.3. Purchasing is to be carried out in accordance with approved City budget provisions.
- 5.4. Purchasing is to be carried out on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently.
- 5.5. All processes, evaluations and decisions shall be transparent, free from bias, merit based and fully documented in accordance with applicable policies, practices and procedures, and audit requirements.
- 5.6. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.

Most Advantageous Outcome

- 5.7. The most advantageous outcome of a purchasing process is to be determined by weighing up the considerations of price, risk and relevant qualitative factors.
- 5.8. Accordingly purchasing decisions should take into account factors other than price.
- 5.9. Qualitative and risk factors that may be considered include:
 - a. All relevant whole-of-life costs and benefits. This should include transaction costs associated with acquisition, delivery, distribution, as well as other costs such as holding costs, consumables, deployment, maintenance and disposal;
 - b. The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality;
 - c. Financial viability and capacity to supply without risk of default. This relates to the competency of the prospective suppliers in terms of their organisational, managerial and technical capabilities and regulatory compliance history;
 - d. A sufficient element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable;
 - e. The safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers;
 - f. Purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility.

Purchasing Requirements

- 5.10. The requirements that must be complied with by the City, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing practises.
- 5.11. In determining the purchase value, the following considerations are to be taken into account:
 - a. All values are exclusive of GST;
 - b. The actual or expected value of a contract over the full contract period, including all options.

5.12. The following quotation/tender purchase value thresholds apply:

Amount of Purchase	Requirements
Up to \$5,000	Purchase directly from a suitable supplier after obtaining at least one (1) oral or written quotation from that supplier.
\$5,001 - \$14,999	Obtain at least two (2) written quotations from suitable suppliers following a brief outlining of the specified requirement.
\$15,000 - \$49,999	Obtain at least three (3) written quotations from suppliers following a brief outlining of the specified requirement.
\$50,000 - \$249,999	A Formal RFQ process must be followed by officers at this level of purchase. Officers must obtain at least three (3) written quotations from suppliers.
\$250,000 and over Where circumstances warrant, City officers may conduct a tender process for projects which are below the \$250,000 threshold.	Conduct a public tender process in accordance with the Act and the Regulations, subject to the exceptions in Regulation 11(2)

5.13. The responsible City officer is expected to demonstrate due diligence in seeking quotations. The number of quotations obtained, the contract conditions and level of evaluation required should be determined by having regard to the type and nature of the purchase and the associated risk, and not purely the purchase value. For example the officer may determine that the process outlined for a higher purchase value is more appropriate than the process for the actual purchase value.

Exemptions to purchasing requirements – Purchase value less than \$250,000

5.14. From time to time there will be circumstances where it is not appropriate or not reasonably practicable to adhere to the requirements to obtain quotations as set out in this Policy. An example is where the City is satisfied and can evidence that there is only one source of supply for goods, services or works, having used genuine endeavours to determine that there is not a reasonable alternative source of supply.

5.15. In such circumstances, the Chief Executive Officer (or such other employee of the City to whom such power has been delegated) may waive the requirements to obtain quotations as set out in this Policy. The responsible City officer must document the waiver process in the manner required by the CEO.

Exceptions to purchase requirements – Purchase value \$250,000 or greater

5.16. Where the purchase value exceeds \$250,000, the Regulations provide for a range of exceptions to the requirement to publicly invite tenders. These are set out in regulation 11(2) of the Regulations.

5.17. The exceptions include:

- a. The supply of goods or services authorised as an emergency under s 6.6(1)(c) of the Act;
- b. The supply of goods or services is associated with a state of emergency;
- c. The supply of goods or services obtained through the WALGA Preferred Supplier Program (see further information below);
- d. Where the City has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier;
- e. The goods or services are to be supplied by a person registered on the Aboriginal Business Directory WA or by Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) (subject to a maximum of \$250,000 and the City being satisfied as to 'value for money');
- f. Where the goods or services are to be supplied by an Australian Disability Enterprise; or
- g. Where the goods or services are to be supplied by a pre-qualified supplier under a Panel of Pre-Qualified Suppliers established by the City under the Regulations (see further information below)
- h. Where the contract is a renewal or extension of the term of an original contract in certain circumstances related to a state of emergency.

Regulatory Compliance – Tenders

This part includes detail on the requirements of the Act and the Regulations for the public tender process. As these may change from time to time, it is the responsibility of the employee to inform themselves of the requirements of the relevant statutory requirements when conducting a tender process and not rely on this Policy alone.

Advertising Tenders

5.18. Requests for tenders must be advertised as a minimum in a state-wide publication and on the City's TenderLink portal and in addition, may be advertised locally. The tender must remain open for a minimum of at least 14 days after the date the tender is advertised.

Addendum to Tender

5.19. Clarifications, variations or adjustments to the tender documentation and the conditions of tender may be made by way of addendum after the tender has been publicly advertised but prior to the tender closing date.

Opening of Tenders

5.20. Tenders are to be opened in accordance with the advertised time and place and in the presence of at least two persons which can be either:

- a. Two employees of the City;
- b. One employee of the City and another person authorised by the Chief Executive Officer for that purpose;
- c. The details of all tenders received and opened shall be recorded in the Tender Register. There is no obligation to disclose or record tendered prices at the tender opening. Members of the public are entitled to be present.

Tender Evaluation

5.21. Tenders that have not been rejected shall be assessed by means of a written evaluation against the pre-determined criteria to determine which tender represents best value for money. The evaluation panel must contain a minimum of three members.

Tender Register

5.22. The City must maintain a tender register which is to include:

- a. a brief description of the goods and services required;
- b. particulars of:
 - i. Any notice by which expressions of interests from prospective tenderers was sought;

- ii. Any person who submitted an expression of interest;
- iii. Any list of acceptable tenderers that was prepared under Regulation 23(4).
- c. A copy of the notice of the invitation to tender;
- d. The name of each tenderer whose tender has been opened;
- e. The name of any successful tenderer.

Minor Variation prior to awarding a contract

- 5.23. Prior to awarding a contract to a preferred tenderer, the City may negotiate and agree on “minor variations” with the preferred tenderer.
- 5.24. Any amendments must be incorporated into the contract with the preferred tenderer for the supply of the varied requirement.
- 5.25. Any major variation will require a new and separate tender.
- 5.26. A minor variation has been determined by the City to mean a variation which does not materially alter the specification or structure provided for by the initial tender.

WALGA Preferred Suppliers Program

- 5.27. WALGA has a number of pre-qualified suppliers called WALGA preferred suppliers. The City can make purchases from WALGA preferred suppliers:
 - a. For purchases up to \$250,000;
 - b. For purchases over \$250,000 in reliance on the exemption to the requirement for a public tender.

Provided that:

- c. For purchases up to \$250,000 the purchasing requirements in section 5.10 - 5.13 of this Policy apply and for purchases over \$250,000 three quotes must be sought, subject in all cases to sections 5.14 and 5.15 of this Policy.

Panels of Pre-Qualified Suppliers

- 5.28. A Panel may only be established where it is determined that there is or will be a continuing need for particular goods or services to be supplied by pre-qualified suppliers.
- 5.29. When establishing a Panel, officers must consider the following:
 - a. Is there a continuing need for the goods or services?
 - b. Will it be more efficient for the City to work collaboratively with a small group of suppliers to deliver a good or service on a regular basis?
 - c. Is it necessary for the City to have more than one supplier for a good or service (if one is sufficient then a Request for Tender may be appropriate)?
 - d. Is there another panel available for the City to access?
- 5.30. Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.
- 5.31. Requests for applications to join a panel of pre-qualified suppliers must be advertised through a State-wide public notice.
- 5.32. Prior to issuing a PQS, Officers must determine the criteria by which applications will be assessed and accepted which must be determined and communicated in the PQS.

- 5.33. Officers may assess applications using the discount principles of the City's Regional Price Preference Policy.
- 5.34. A Panel established by the City may be operated in a manner that applies the principles of the City's Regional Price Preference Policy when assessing quotations.
- 5.35. When establishing a Panel a PQS must set out how the City intends to purchase goods and services through the use of the Panel.
- 5.36. The City is to procure goods and services from a member of a Panel by either seeking written quotations from each panel member with respect to all purchases or alternatively all purchases above a specified threshold (if any).
- 5.37. Where the City has determined that written quotations will be sought from each Panel member above a specified threshold, goods and services may be procured below that threshold on the basis of the relative rankings of the Panel members.
- 5.38. Where Panel members are ranked, the City is to determine the rankings from time to time on the basis of written quotations obtained from the members of the panel.
- 5.39. The City will obtain written quotations through electronic means, principally through the use of its online procurement portal.
- 5.40. Written quotations from panel members are to be sought and assessed on the basis of criteria determined in accordance with the City's practices and procedures.

6. RELATED DOCUMENTATION / LEGISLATION

- 6.1. *Local Government Act 1995.*
- 6.2. *Local Government (Functions and General) Regulations 1996.*
- 6.3. Council Policy Regional Price Preference
- 6.4. Delegation DA 1 – 07 Inviting, Rejecting and Accepting Tenders.
- 6.5. Delegation DA 1 – 08 Preliminary Selection of Tenderers.
- 6.6. Delegation DA 1 – 10 Establishment of panels of pre-qualified suppliers.

7. REVIEW DETAILS

Review Frequency		3 yearly		
Council Adoption	DATE	10 June 2020	Resolution #	C2006/049
Previously Adopted	DATE	25 July 2018	Resolution #	C1807/144