

Council Policy

Council Policy Name: Purchasing

Responsible Directorate: Corporate Performance and Strategy

Version: Adopted

1. PURPOSE

- 1.1. To guide the procurement of goods and services to achieve the most advantageous outcome for the City as well as providing for procurement processes that are equitable, transparent, consistent and compliant with all relevant regulatory requirements.
- 1.2. The City's purchasing policy is directed at satisfying the following objectives:
 - a. achieving 'best value for money' with respect to all procurement;
 - 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

This Policy applies to all purchases of goods and services made by the City.

3. DEFINITIONS

Term	Meaning
Act	<i>Local Government Act 1995 (WA).</i>
GST	the goods and services tax under the <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i>
Policy	this City of Busselton Council policy titled "Purchasing Policy"
Regulations	<i>Local Government (Functions and General) Regulations 1996 (WA)</i>
WALGA	Western Australian Local Government Association

4. STRATEGIC CONTEXT

Strategic Theme	Strategic Priority
KEY THEME 4 OPPORTUNITY	3.2: Facilitate an innovative and diversified economy that supports local enterprise, business investment and employment growth.
KEY THEME 4 LEADERSHIP	4.2: Deliver governance systems that facilitate open, ethical and transparent decision making.

5. POLICY STATEMENT

Procurement Principles

Most advantageous outcome

- 5.1. Purchasing is to be carried out to deliver the most advantageous outcome for the City.
- 5.2. The most advantageous outcome of a procurement process is to be determined by weighing up the considerations of price, value for money, risk and relevant qualitative factors.
- 5.3. Accordingly purchasing decisions should take into account factors other than price.
- 5.4. Qualitative and risk factors that may be considered:
 - a. Relevant whole-of-life costs and benefits;
 - b. Technical merits of the goods or services being offered in terms of compliance with specifications;
 - c. Financial viability and capacity to supply without risk of default;
 - d. A sufficient element of competition in the allocation of orders or the awarding of contracts;
 - e. Safety requirements associated with both the product design and specification offered by suppliers; and
 - f. Purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility.

Facilitate open, ethical and transparent decision making

- 5.5. Full accountability shall be taken by Councillors and employees for all purchasing decisions.
- 5.6. Purchasing is to be carried out in accordance with approved City budget provisions in an efficient, effective, and proper manner to ensure responsible expenditure of public monies.
- 5.7. Purchasing is to be carried out on a competitive basis.
- 5.8. Procurement 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.
- 5.9. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.

Social and sustainable procurement

- 5.10. Social and sustainable procurement is the procurement of goods and services that have less environmental and social impacts than competing goods and services and where social value is created above the value of goods and services being procured. Where appropriate the City will consider environmental and social impacts along with best value for money outcomes when making procurement decisions.

Support local enterprise, business investment and employment growth

- 5.11. Under the State Government's Buy Local Policy, government agencies and local governments are encouraged to maximise participation of local and small businesses in the procurement of goods and services, which also aligns with the local economy objectives in the City's Strategic Community Plan.
- 5.12. Where appropriate and reasonably practicable, the City will have due regard to procurement practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents.

Anti-Avoidance

- 5.13. Orders for the purchase of goods and services are not to be split into separate, lesser-valued contracts so as to:
- Circumvent the guidelines in relation to purchasing thresholds detailed in paragraph 5.17 of this Policy; or
 - Create two or more contracts or creating multiple purchase order transactions of a similar nature.
- 5.14. Where feasible, procurement of goods and services should be consolidated to allow for a single contract for the supply of those goods and services on an annual basis.

Purchasing Requirements

- 5.15. The requirements that must be complied with by the City, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and relevant operational practises.
- 5.16. In determining the purchase value, the following considerations are to be taken into account:
- all values are exclusive of GST;
 - the actual or expected value of a contract over the full contract period, including all options.
- 5.17. 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.
\$5,001 - \$24,999	Invite sufficient quotations from suitably experienced and qualified suppliers to obtain at least two (2) written quotations.
\$25,000 - \$74,999	Invite sufficient quotations from suitably experienced and qualified suppliers to obtain at least three (3) written quotations.
\$75,000 - \$249,999	<ul style="list-style-type: none">Invite sufficient quotations from suitably experienced and qualified suppliers to obtain at least three (3) written quotations.The request for quotation must include pre-determined evaluation criteria for assessment of quotations in accordance with relevant procurement principles and operational practices.Quotations must be evaluated in writing by at least two (2) suitably qualified and experienced persons, one of which must be a City officer.
\$250,000 and over	Conduct a public tender process in accordance with the Act and the Regulations, subject to the exceptions in Regulation 11(2). Note: Where circumstances warrant, City officers may conduct a tender process for procurement of goods or services with a value below the \$250,000 threshold.

- 5.18. City officers undertaking procurement are expected to demonstrate due diligence in seeking quotations. The number of quotations obtained, the general terms and conditions of contract 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 threshold is more appropriate than the process for the actual purchase value.

Waiver of Purchasing Requirements

- 5.19. 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 or services, having used genuine endeavours to determine that there is not a reasonable alternative source of supply.
- 5.20. In such circumstances any one of the following City officers may authorise waiver of the requirements to obtain quotations as set out in this Policy:
 - a. Chief Executive Officer
 - b. Director Corporate and Strategic Performance
 - c. Manager Legal, Governance and Risk
 - d. Commercial and Contracts Advisor
- 5.21. City officers authorised to approve a waiver must document the waiver process in the manner required by the CEO.

Exemptions to Purchasing Requirements – Purchase value \$250,000 or greater

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

WALGA Preferred Suppliers Program and CUA

- 5.23. WALGA Preferred Supplier Panels are specified groupings of suppliers that have been pre-qualified and appointed by WALGA to supply a category of goods or services to local governments. This follows a public procurement process by WALGA that are deemed compliant with legal and best practice purchasing requirements.
- 5.24. Common Use Arrangements (CUA) exist for goods and services commonly bought by government.
- 5.25. Under the Regulations tender exemptions apply to WALGA Preferred Supplier Panels and CUA's, which allows local governments to purchase any value of goods or services from a WALGA Preferred Supplier or under a CUA without having to publicly invite tenders.
- 5.26. Subject to paragraph 5.27 below the City can procure goods and services under the WALGA Preferred Supplier Programs or a CUA.
- 5.27. Procurement of goods and services via the WALGA Preferred Supplier Program or under a CUA are subject to the following requirements:
 - a. For purchases up to \$250,000 the purchasing requirements in paragraph 5.17 of this Policy apply;
and
 - b. Where the value of the goods or services is, or is expected to be more than \$250 000, a minimum of three quotes must be obtained,
subject in all instances to paragraph 5.20 of this Policy.

Panels of pre-qualified suppliers

5.28. In relation to panels of prequalified suppliers the following words and expressions have the following meaning:

Term	Meaning
Panel	a panel of pre-qualified suppliers established in accordance with Part 4 Division 3 of the Regulations.
Panel Purchases	goods or services procured (or to be procured) by the City from Panel Suppliers under a Panel arrangement.
Panel Supplier	a supplier accepted as a pre-qualified supplier on a Panel.

5.29. In accordance with Part 4 Division 3 of the Regulations the City may establish a Panel to supply particular goods or services to the City where there is, or will be, a continuing need for those goods or services to be supplied to the City.

5.30. Panels may be established for regular supply of either particular goods or services or for a range or categories of goods or services that are similar.

- 5.31. When establishing a Panel, the City should have due regard to the following:
- a. Whether there is or will be a continuing need for the goods or services.
 - b. Whether it could be more efficient and/or advantageous for the City to work collaboratively with a small group of suppliers for the supply of goods and services required on a regular basis.
 - c. Whether it is more efficient and/or advantageous for the City to engage only one supplier for the required goods and or services (e.g. by way of a request for quotation or tender process).
 - d. Whether the required goods and services can be procured under existing Panel arrangements.

5.32. The City may assess applications from suppliers to join a Panel and quotations from Panel Suppliers for Panel Purchases by applying the discount principles of the City’s Regional Price Preference Policy.

- 5.33. When establishing a Panel, the invitation to apply to join the Panel must state whether the City intends to:
- a. Determine a ranking system from among Panel suppliers for procurement of Panel Purchases below a specified threshold value; and
 - b. Seek written quotations from each Panel Supplier with respect to all Panel Purchases or, alternatively, seek written quotations for Panel Purchases above a specified threshold (if any).

5.34. Where the City has determined that written quotations will be sought from each Panel Supplier for Panel Purchases above a specified threshold, Panel Purchases below that threshold may be procured on the basis of the relative rankings of the Panel Suppliers.

5.35. Where Panel Suppliers are ranked in accordance with this Policy, the City is to determine their rankings from time to time on the basis of written quotations obtained from the Panel Suppliers.

5.36. The City will obtain written quotations from Panel Suppliers through electronic means, principally through the use of its online procurement portal.

5.37. Quotations obtained from Panel Suppliers will be assessed on the basis of predetermined criteria, to be determined in accordance with the operational practices, to determine which of those (if any) are most advantageous for the City to accept.

- 5.38. Where reasonably practicable:
- a. The City and each Panel Supplier will nominate at least one but preferably no more than three persons to represent them for purposes of communications in relation to Panel matters.

- b. Communications will normally be conducted by email or via the City’s online procurement portal.
- c. Where special circumstances require (e.g. emergency situations) verbal communications may be appropriate.
- d. Verbal communications will, where practicable, be followed up by email.

Record keeping

5.39. Written information and all documents in respect of all procurement actions undertaken by the City (and in particular all requests for tenders or quotations and all communications and submissions received in response thereto) must be recorded and retained in the City’s electronic recorded keeping system in accordance with the City’s record keeping 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	17 April 2024	Resolution #	C2404/84
Previous Adoption	DATE	10 June 2020	Resolution #	C2006/049