

7.8 OUTCOME OF ADVERTISING AND ADOPTION OF PURCHASING POLICY

- Attachments:**
1. **Amended Purchasing Policy - Clean Copy - Public Submission**
 2. **Amended Purchasing Policy - Tracked Changes - Public Submission**
 3. **Summary of Submissions - Outcomes of Purchasing Policy Amendments**

RECOMMENDATION:

That Council **ADOPTS** the amendments to the Purchasing Policy at Attachment 1.

PURPOSE OF REPORT:

To present the outcome of community consultation and seek approval of the proposed Purchasing Policy amendments at **Attachment 1 (Purchasing Policy Clean Version)** and **Attachment 2 (Purchasing Policy Tracked Changes)**.

BACKGROUND:

The requirement of provisions outlined in clause 1.3 of the Policy Development and Review Policy were presented to Council Members through the monthly Policy Paper on 28 October 2022.

The amended Purchasing Policy was further presented to the Audit Committee on 2 March 2023 where it was approved for Council Briefing.

At the Ordinary Council Meeting on 4 April 2023, Council approved advertising of the City's Purchasing Policy.

DETAILS:

The City of Vincent Purchasing Policy (the Policy) was first developed and adopted by Council in 2007. The Policy was originally established to ensure that the City of Vincent's (the City) procurement practices and processes were compliant with relevant legislation, to ensure consistency across all operational areas for purchasing activities and to deliver a best practice approach for all City procurements.

The Policy has been reviewed and amended, as required, every five years. The Policy was last reviewed and adopted by Council on 17 November 2020 in response to the mandatory tender threshold increase from \$150,000 to \$250,000 due to the impact of COVID-19. A further change included amending the required number of quotations for pre-qualified suppliers for the first two thresholds.

Although the next scheduled review of the Purchasing Policy is not until 2024, a recent review of the City's procurement practices have identified key areas for improvement including:

- Strengthening the alignment with the City's Strategic Community Plan Priorities and Purchasing Principles;
- Improving the ability to easily purchase goods and/or services from local suppliers, Aboriginal and Torres Strait Islander businesses and disability businesses; and
- Improving productivity and administrative efficiencies for low value, low risk purchases.

There are five (5) proposed amendments to the Purchasing Policy which are as follows:

1. Amending the purchasing thresholds;
2. Amending the required number of quotations for preferred supplier panels;
3. Amending the Contract Management Framework threshold for the requirement of a formal contract;
4. Separating and amending the Aboriginal and Torres Strait Islander and Disability Enterprise principles; and
5. Amending the procurement exemptions.

In accordance with the City's Community and Stakeholder Engagement Policy, community consultation was undertaken between 18 April and 19 May 2023, which is in excess of the 21 days required.

The policy was advertised on the City of Vincent website, social media and through the following public notices:

- PerthNow Central – 20 April 2023; and
- Perth Voice – 22 April 2023.

Administration received two (2) submissions, as summarised at **Attachment 3**.

CONSULTATION/ADVERTISING:

No further consultation is required.

LEGAL/POLICY:

Section 2.7(2)(b) of the Act provides Council with the power to determine policies.

The City's Policy Development and Review Policy sets out the process for repealing and adopting policies.

Section 11A(1) of the Local Government (Functions and General) Regulations 1996 states that a local government is to adopt and implement a purchasing policy.

RISK MANAGEMENT IMPLICATIONS

Low: Adopting the proposed policy is low risk.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Connected Community

We recognise, engage and partner with the Whadjuk Noongar people and culture.

Thriving Places

We are recognised as a City that supports local and small business.

Innovative and Accountable

We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This action/activity is environmentally neutral.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes in the *City's Public Health Plan 2020-2025*.

FINANCIAL/BUDGET IMPLICATIONS:

Nil financial / budget implications.

COMMENTS:

The Policy review to date has found that the current purchasing thresholds and purchasing requirements do not reflect the current financial climate and are restricting the City from efficiently and effectively procuring general goods and services. The thresholds also restrict the City from purchasing low value low risk goods / services from local suppliers, Aboriginal and Torres Strait Islander businesses and disability businesses. The principles in the current Policy regarding Aboriginal and Torres Strait Islander business and disability enterprises do not reflect the City's Innovate Reconciliation Action Plan 2022 – 2024 nor the City's Access and Inclusion Plan 2022 – 2027.

Purchasing Policy



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| Legislation / local law requirements | Local Government Act 1995 Local Government (Function and General) Regulations 1996 |
| Relevant delegations | Delegation 2.2.14 – Expressions of interest for goods or services Delegation 2.2.15 – Tenders for goods and services |
| Related policy procedures and documents | Procurement Framework: https://intranet.vincent.wa.gov.au/documents/1786/procurement-framework |

PURPOSE

To ensure that the City of Vincent's (**City's**) procurement practices and processes are compliant with relevant legislation and best practice.

OBJECTIVE

The objectives of this Policy are to ensure that all purchasing activities:

- demonstrate that value for money is attained for the City;
- are compliant with relevant legislation, codes and standards, including the *Local Government Act 1995*
- (**Act**) and the *Local Government (Functions and General) Regulations 1996*, (**Regulations**);
- are recorded in compliance with the *State Records Act 2000* and associated records management practices and procedures of the City;
- demonstrate probity by establishing consistent processes that promote openness, transparency, fairness and equity to all potential suppliers;
- ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment;
- ensure that goods and services to be procured are necessary and fit for purpose;
- properly evaluate and consider the safety and health characteristics of any goods/services prior to being introduced into the City's workplaces;
- are supported by Budget provisions or comply with section 6.8(1) of the Act; and
- are conducted in a consistent and efficient manner across the City and that ethical decision making is demonstrated.

ALIGNMENT TO THE STRATEGIC COMMUNITY PLAN

The Policy will enhance the City of Vincent [Strategic Community Plan](#) by focusing on our strategic priorities and delivering them through our purchasing and tendering decisions.

Examples of how we do this include:

- Delivering an *Enhanced Environment* through our commitment to sustainable procurement that minimises negative social and environmental impacts;
- Creating *Thriving Places* through our Buy Local practices;
- Supporting *Connected Communities* through a focus on gender equality and social enterprises owned and operated by Aboriginal and Torres Strait Islander people or people with disabilities;
- Delivering *Accessible City* outcomes and *Sensitive Design* by choosing high quality, safe, diverse and attractive built form solutions; and

Purchasing Policy



- Remaining *Innovative and Accountable* by promoting openness, transparency, fairness and equity to all potential suppliers and our focus on value for money.

SCOPE

The policy covers all purchasing requirements for Executive Directors of City of Vincent.

POLICY

1. Value for money

Value for money is the difference between the total benefit derived from a good or a service against its total cost, when assessed over the period the goods or services are to be used. Achieving best value for money at the individual purchase level requires that assessments consider cost and non-cost factors, where relevant, the overall objective of the procurement and make a value judgement about the best outcome.

In addition to a qualitative assessment of the procurement, an assessment of the value for money outcome for any purchasing process should consider:

- an initial needs assessment to determine the ongoing relevance and necessity for the procurement and mode of delivery;
- the up-front, after purchase and fit-for-purpose costs and risks associated with the procurement;
- all relevant total costs of ownership and benefits including up-front price, transaction costs associated with acquisition, delivery, use, holding, maintenance and disposal (including where appropriate residual or resale values);
- overall objectives of the procurement and outcome being sought. 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, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.
- non-cost factors such as fitness for purpose, quality, delivery, service, support and sustainability impacts.
- the supplier's financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong 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;
- 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;
- purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility; and
- providing opportunities for businesses within the City's boundaries to be given the opportunity to quote for providing goods and services wherever possible.

2. Sustainable Procurement

The City is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and processes that minimise negative social and environmental impacts while maximising social and environmental benefits. These considerations must, however, be balanced against value for money outcomes to ensure the

Purchasing Policy



City's economic viability, essential to its long-term sustainability. Practically, sustainable procurement means the City shall endeavour at all times to identify and procure products and services that have been determined as necessary for the achievement of Strategic Community Plan priorities of enhanced environment. Where practical, the City will endeavour to procure in a manner which takes into account the lifecycle cost of a product by considering the sustainability rating of the product or service provider.

3. Buy Local

The City is committed to the ongoing support of local City of Vincent business and, as much as practicable, the City will consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses. Requests for Quotations and Tenders will be structured to encourage local businesses to bid and consider the indirect benefits that have flow on benefits for local suppliers.

4. Aboriginal and Torres Strait Islander Businesses

The City of Vincent's reconciliation vision is one where Aboriginal and non-Aboriginal people walk alongside each other in respectful and meaningful partnership, celebrating Noongar culture and tradition. To help achieve this vision, the City is committed to ensuring that all Aboriginal and Torres Strait Islander businesses have full, fair, and reasonable access to procurement opportunities. To achieve better outcomes in attracting, supporting, and procuring Aboriginal and Torres Strait Islander businesses and to increase contracting opportunities, therefore supporting employment and business opportunities for the Aboriginal community, where a value for money assessment of multiple offers has an equal result, then preference will be given to procure goods and/or services from Aboriginal and Torres Strait Islander businesses.

5. Disability Enterprises

The City of Vincent is committed to working toward equity for all community members including people with disability, their family members and carers. The City values diversity and believes that supporting participation and inclusion for all makes a stronger, more vibrant community. In recognition of the potential for procurement processes to assist in supporting this vision, the City, where practicable, where a value for money assessment of multiple offers has an equal result, then preference will be given to procure goods and/or services from Disability Enterprises and Disability-Owned or run businesses. Such businesses include Charities and Not for Profits whose core business is providing services for people with a Disability.

6. Gender Equality

In recognition of the City's commitment to promoting workplace gender equality, the City, where practicable, will not procure any goods and/or services from employer's listed on the Workplace Gender Equality Agency's Non-Compliant List.

7. Purchasing Requirements

7.1 Values

Purchasing that is **\$250,000 or below in total value** (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 6.4 of this Purchasing Policy.

Purchasing that **exceeds \$250,000 in total value** (excluding GST) must be put to public Tender when it is determined that a regulatory Tendering exemption, as stated under section

Purchasing Policy



6.6 of this Policy is not deemed to be suitable.

7.2 Purchasing Value Definition

Determining purchasing value is to be based on the following considerations:

- Exclusive of Goods and Services Tax (GST);
- The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the City will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased; and
- If a purchasing threshold would be reached within three years for a particular contract for procurement, then the purchasing requirement under the relevant threshold (including the tender threshold) would need to be considered.

7.3 Purchasing from Existing Contracts

Where the City has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows.

7.4 Purchasing Thresholds

In addition to the other policy provisions, the table below prescribes the purchasing request process to be applied based on the proposed purchase value:

| Purchase Value Threshold | Purchasing Requirement Open Market | Purchasing Requirement Pre-Qualified Suppliers |
|---------------------------------|--|---|
| Up to \$2,000 | <p>Direct Purchase from the open market with zero quotations required.</p> <p>This purchasing method is suitable where the purchase is in a known market or is very low risk and where the cost of seeking quotes would be unreasonable on a cost to benefit analysis basis.</p> | <p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; <p>with zero quotations required.</p> |
| Over \$2,000 and up to \$20,000 | <p>Seek two written quotations from the open market.</p> <p>Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.</p> <p>Different suppliers should be used from time to time to test value for money for regular purchases.</p> | <p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; <p>with zero quotations required.</p> |

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| <p>Over \$20,000 and up to \$100,000</p> | <p>Seek three written quotations from the open market including a brief outlining the specified requirement.</p> | <p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; <p>requiring two written quotations including a brief outlining the specified requirement.</p> |
| <p>Over \$100,000 and up to \$250,000</p> | <p>Seek at least three (3) written quotations from the open market by formal invitation under a Request for Quotation (RFQ), containing pricing schedule and detailed specification of goods and services required.</p> <p>Contract required upon award of the RFQ.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy, and a contract will result.</p> | <p>Seek three (3) written quotations from a pre-qualified panel of suppliers (whether administered by the City through the WALGA preferred supply program or State Government CUA).</p> <p>A formal Request for Quotation (i.e. City of Vincent template, WALGA Template or State Government CUA template) must be used.</p> <p>Contract required upon award of the RFQ.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy, and a contract will result.</p> |
| <p>Over \$250,000</p> | <p>Conduct a public Request for Tender process in accordance with Part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>, this policy and the City's tender procedures.</p> <p>(Council Approval)</p> | <p>Where the purchase is expected to be over \$250,000:</p> <p>Obtain at least three written quotations from suppliers by formal invitation under a Request for Quotation (RFQ), containing price and detailed specification of goods and services required.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> |

7.5 Sole Source of Supply

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources and goods/services must be made, with a written confirmation of this recorded.

Once determined, the justification for a sole source of supply must be endorsed by the Chief Executive Officer or Director, prior to a contract being entered into, or a purchase order raised.

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7.6 Tendering Exemptions

The City limits the discretion from the requirement to call tenders provided under section 11(2) of the Regulations, to values over \$250,000. Accordingly, tenders do not have to be publicly invited for contracts over \$250,000 in the following instances:

- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA).
- the purchase is from a Regional Local Government or another Local Government;
- the purchase is acquired from a person registered on the WA Aboriginal Business Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth
 - \$250,000 or less and represents value for money;
- the purchase is acquired from an Australian Disability Enterprise and represents value for money;
- the purchase is from a pre-qualified supplier under a Panel established by the City; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

Further to the above exemptions, the City limits the discretion from the requirement to call for multiple quotations for the following goods / services:

- subscriptions;
- association and Professional memberships;
- conferences, seminars and training programs;
- Government Gazette advertising (regulatory requirement – Local Government Act Section 3.12);
- government rates;
- non-contestable utility services;
- banking fees and costs;
- insurance premiums with LGISWA;
- proprietary consumables, parts and maintenance for existing equipment where there is no substitute or warranty is voided if a substitute is used.
- proprietary software license renewals (including support and maintenance), where the software continues to meet the needs and budget of the City, and there would be a migration and implementation cost to change software.

It should further be noted that the exemptions in the Purchasing Policy apply to all purchasing thresholds, excluding over \$250,000 ex GST.

7.7 Council Approvals

The Regulations provide that Council is required to Accept tenders (subject to approved Delegations of Authority). For the avoidance of doubt, Council approval is not required for the provision of goods or services when public tenders are not required to be invited (and are not invited), providing the expenditure is authorised through the annual budget or approved in accordance with section 6.8(1) of the Act.

Section 13 of the Regulations specify that if:

“a local government, although not required by this Division to invite tenders before entering into a contract for another person to supply goods or services, decides to invite tenders, the tenders are to be publicly invited to the requirements of this Division.”

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8. Panels of Pre-qualified Suppliers

8.1 Policy Objectives

In accordance with Regulation 24AC of the *Local Government (Functions and General) Regulations 1996*, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- the City determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the City has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The City will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

8.2 Application

If the City determines it beneficial for a Panel to be created, it must do so in accordance with Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996*.

8.3 Purchasing from the panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

The City will take into account its purchasing thresholds when distributing work among panel members.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award (via purchase order) communications must all be captured on the City's electronic records system. A record is to be maintained for each quotation process made under each Panel that captures all communications between the City and Panel members.

9. Records Management

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000 (WA)*, the City's Records Management Policy and associated procurement procedures.

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| OFFICE USE ONLY | |
|---------------------------------|------------------------------------|
| Responsible Officer | Procurement and Contracts Officer |
| Initial Council adoption | DATE: 17/11/2020, REF# D20/218326 |
| Reviewed / Amended | DATE: 22/09/2020, REF#: <TRIM REF> |
| Next Review Date | DATE: 23/09/2024, |

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|--|---|
| Legislation / local law requirements | Local Government Act 1995 Local Government (Function and General) Regulations 1996 |
| Relevant delegations | Delegation 2.2.14 – Expressions of interest for goods or services Delegation 2.2.15 – Tenders for goods and services |
| Related policy procedures and documents | Procurement Framework: https://intranet.vincent.wa.gov.au/documents/1786/procurement-framework |

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Purchasing Policy



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6. Gender Equality

In recognition of the City's commitment to promoting workplace gender equality, the City, where practicable, will not procure any goods and/or services from employer's listed on the Workplace Gender Equality Agency's Non-Compliant List.

7. Purchasing Requirements

7.1 Values

Purchasing that is **\$250,000 or below in total value** (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 6.4 of this Purchasing Policy.

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7.3 Purchasing from Existing Contracts

Where the City has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows.

7.4 Purchasing Thresholds

In addition to the other policy provisions, the table below prescribes the purchasing request process to be applied based on the proposed purchase value:

| Purchase Value Threshold | Purchasing Requirement Open Market | Purchasing Requirement Pre-Qualified Suppliers |
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| Over \$2,000 and up to \$20,000 | <p>Seek two written quotations from the open market.</p> <p>Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.</p> <p>Different suppliers should be used from time to time to test value for money for regular purchases.</p> | <p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; <p>with zero quotations required.</p> |

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|---|--|---|
| <p>Over \$20,000 and up to \$100,000</p> | <p>Seek three written quotations from the open market including a brief outlining the specified requirement.</p> | <p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; <p>requiring two written quotations including a brief outlining the specified requirement.</p> |
| <p>Over \$100,000 and up to \$250,000</p> | <p>Seek at least three (3) written quotations from the open market by formal invitation under a Request for Quotation (RFQ), containing pricing schedule and detailed specification of goods and services required.</p> <p>Contract required upon award of the RFQ.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy, and a contract will result.</p> | <p>Seek three (3) written quotations from a pre-qualified panel of suppliers (whether administered by the City through the WALGA preferred supply program or State Government CUA).</p> <p>A formal Request for Quotation (i.e. City of Vincent template, WALGA Template or State Government CUA template) must be used.</p> <p>Contract required upon award of the RFQ.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy, and a contract will result.</p> |
| <p>Over \$250,000</p> | <p>Conduct a public Request for Tender process in accordance with Part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>, this policy and the City's tender procedures.</p> <p>(Council Approval)</p> | <p>Where the purchase is expected to be over \$250,000:</p> <p>Obtain at least three written quotations from suppliers by formal invitation under a Request for Quotation (RFQ), containing price and detailed specification of goods and services required.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> |

7.5 Sole Source of Supply

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources and goods/services must be made, with a written confirmation of this recorded.

Once determined, the justification for a sole source of supply must be endorsed by the Chief Executive Officer or Director, prior to a contract being entered into, or a purchase order raised.

Purchasing Policy



7.6 Tendering Exemptions

The City limits the discretion from the requirement to call tenders provided under section 11(2) of the Regulations, to values over \$250,000. Accordingly, tenders do not have to be publicly invited for contracts over \$250,000 in the following instances:

- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA).
- the purchase is from a Regional Local Government or another Local Government;
- the purchase is acquired from a person registered on the WA Aboriginal Business Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth
 - \$250,000 or less and represents value for money;
- the purchase is acquired from an Australian Disability Enterprise and represents value for money;
- the purchase is from a pre-qualified supplier under a Panel established by the City; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

Further to the above exemptions, the City limits the discretion from the requirement to call for multiple quotations for the following goods / services:

- subscriptions;
- association and Professional memberships;
- conferences, seminars and training programs;
- Government Gazette advertising (regulatory requirement – Local Government Act Section 3.12);
- government rates;
- non-contestable utility services;
- banking fees and costs;
- insurance premiums with LGISWA;
- proprietary consumables, parts and maintenance for existing equipment where there is no substitute or warranty is voided if a substitute is used.
- proprietary software license renewals (including support and maintenance), where the software continues to meet the needs and budget of the City, and there would be a migration and implementation cost to change software.

It should further be noted that the exemptions in the Purchasing Policy apply to all purchasing thresholds, excluding over \$250,000 ex GST.

7.7 Council Approvals

The Regulations provide that Council is required to Accept tenders (subject to approved Delegations of Authority). For the avoidance of doubt, Council approval is not required for the provision of goods or services when public tenders are not required to be invited (and are not invited), providing the expenditure is authorised through the annual budget or approved in accordance with section 6.8(1) of the Act.

Section 13 of the Regulations specify that if:

“a local government, although not required by this Division to invite tenders before entering into a contract for another person to supply goods or services, decides to invite tenders, the tenders are to be publicly invited to the requirements of this Division.”

Purchasing Policy



8. Panels of Pre-qualified Suppliers

8.1 Policy Objectives

In accordance with Regulation 24AC of the *Local Government (Functions and General) Regulations 1996*, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- the City determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the City has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The City will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

8.2 Application

If the City determines it beneficial for a Panel to be created, it must do so in accordance with Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996*.

8.3 Purchasing from the panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

The City will take into account its purchasing thresholds when distributing work among panel members.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award (via purchase order) communications must all be captured on the City's electronic records system. A record is to be maintained for each quotation process made under each Panel that captures all communications between the City and Panel members.

9. Records Management

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000 (WA)*, the City's Records Management Policy and associated procurement procedures.

Purchasing Policy



| OFFICE USE ONLY | |
|---------------------------------|------------------------------------|
| Responsible Officer | Procurement and Contracts Officer |
| Initial Council adoption | DATE: 17/11/2020, REF# D20/218326 |
| Reviewed / Amended | DATE: 22/09/2020, REF#: <TRIM REF> |
| Next Review Date | DATE: 23/09/2024, |

SUMMARY OF SUBMISSIONS ON POLICIES***Amendments to Purchasing Policy*****Summary of public comment****SUBMISSION 1**

Has the Reconciliation Action Plan Working Group had input into this process - Amendment to purchasing policy regarding Indigenous businesses.

Administration's response

The consultation process for the proposed amendments to the Purchasing Policy occurred in 2022 and 2023. The draft amendments were sent to the City's Community Development Advisor – Reconciliation for review and comment. The Community Development Advisor was very supportive of the amendment and agreed that it aligned well with the City's commitments. The amendment was also sent to the City's Aboriginal Engagement Officer for review and comment who was also supportive of the amendment.

Further to the above, Administration also conducted an analysis on the City's spend on Aboriginal and Torres Strait Islander businesses over an 18 month period. The outcome of this analysis informed and validated the recommended increase of the purchasing thresholds and amendments to the purchasing requirements. Raising the purchasing thresholds and amending the purchasing requirements improves the ability to easily purchase goods and/or services from Aboriginal and Torres Strait Islander businesses which will assist in supporting these businesses to grow and, in turn can support the growth of jobs for Aboriginal and Torres Strait Islander people.

Having the ability and freedom to directly engage Aboriginal and Torres Strait Islander businesses will contribute towards the City's Innovate Reconciliation Action Plan 2022 – 2024 Action and Deliverable 13 - Increase Aboriginal and Torres Strait Islander supplier diversity within our organisation to support improved economic and social outcomes.

The City's Coordinator Procurement and Contracts also attended the City of Vincent Internal Reconciliation Action Plan Working Group in March 2023 and provided an update as to the status of the Purchasing Policy amendments.

SUBMISSION 2

Section 4, and to some extent Section 5, are just exercises in virtue signalling as they are written. The guiding principle is "Value For Money" - it usurps all other criteria.

The section ends with a statement that the City will endeavour to procure goods and services from ATSI companies. 'Endeavour' is a pretty wishy-washy word which gives no guidance to purchasing officers. It would be clearer if the statement included something along the lines of "where an assessment of value for money results in offers which are considered to provide equal value for money, preference will be given to"

This reinforces the concept of 'value for money' and reduces the chance that a purchasing officer misinterprets the intention and simply gives a contract to an ATSI company without considering value for money.

I object to increasing the limit for purchases without a quote to \$2,000 (Section 7.4). The limit should remain at \$200. The underlying principle should be about getting the best price for the community and not about making it easier for purchasing staff. Raising the limit to \$2,000 is just an invitation for corrupt behaviour on a larger scale.

The City accepts the suggested wording and will update the Aboriginal and Torres Strait Islander Principle and Disability Enterprise Principle to specify; *where a value for money assessment of multiple offers has an equal result, then preference will be given to procure goods and/or services from Aboriginal and Torres Strait Islander businesses or Disability Enterprises and Disability-Owned or run businesses.*

The decision to raise the threshold to \$2,000 was based on the City conducting an in-depth analysis of the following:

- Types of purchases and level of risk of those purchases up to this amount;
- Benchmarking against other Councils;
- Current financial climate;
- Ability to engage local suppliers; and
- Ability to engage Aboriginal and Torres Strait Islander and Disability businesses.

The outcome of this analysis indicated that increasing the direct purchase threshold would deliver the following benefits:

- Better engagement with local suppliers;
- Improved engagement Aboriginal and Torres Strait Islander businesses and Disability businesses;
- Current risks created by delays in sourcing of these low value/low risk requirements would be reduced; and
- Administrative efficiencies achieved – resulting in improved service delivery.

The City's Fraud and Corruption Prevention Policy sets out the City's approach to fraud and corruption prevention, detection, monitoring and reporting. This Policy is supported by a Fraud and Corruption Prevention Plan which provides a structured framework for fraud and corruption prevention, detection, monitoring and reporting.