

**11.4 ADVERTISING OF AMENDED POLICY - PURCHASING POLICY**

**Attachments:** 1. Amended Purchasing Policy

**RECOMMENDATION**

That Council **PREPARES** an amendment to Purchasing Policy, included in Attachment 1, for the purpose of community consultation, pursuant to the City's Policy Development and Review Policy and Community Stakeholder Engagement Policy.

**PURPOSE OF REPORT:**

For Council to approve, for the purpose of community consultation, the new/proposed amendments to the Purchasing Policy as detailed at **Attachment 1**.

**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.

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.

**DETAILS:**

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.

## 1. Purchasing Thresholds

The City's purchasing thresholds have been in place since the inception of the Purchasing Policy. The thresholds have not been updated to reflect the rising cost of goods and services, best practice procurement or the opportunity to improve the productivity and efficiency of staff for low value, low risk purchases.

The City is undertaking an increasing number of procurements each year and the thresholds should be updated to reflect the current financial climate. This will assist the City to reduce red tape and improve efficiencies for low value and low risk purchases.

Further to amending the purchasing thresholds it is recommended that the required number of quotations for pre-qualified suppliers (i.e. WALGA Panel of Preferred Suppliers and the WA Government's Common Use Arrangements (CUA)) be reduced for low value low risk purchases.

Pre-qualified suppliers have already been assessed for value-for-money, insurances, bespoke and robust contract conditions and organisational and financial capability, therefore a more direct approach with these suppliers should be encouraged.

There is no recommended change to the legislative regulated Over \$250,000 threshold level.

The reasons for amending the threshold levels are as follows:

- **Ability to easily engage Aboriginal and Torres Strait Islander businesses, Disability businesses and local suppliers**

Raising the first threshold level to \$2,000 will make it easier for staff to directly engage Aboriginal and Torres Strait Islander consultants/speakers, Disability speakers and local suppliers for low value low risk goods or services without having to go through a competitive or exemption process.

Having the ability and freedom to directly engage Aboriginal and Torres Strait Islander businesses for low value low risk purchases 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. In 2021 -2022 there were 96 payments made to an Aboriginal and / or Torres Strait Islander business with 75% of these payments up to \$2,000 (excl GST) in value and 89% of those requiring a competitive (i.e. multiple quotes) process.

- **Optimise operational productivity for low value, low risk procurements**

The current threshold level for direct purchase is very low as it requires officers to seek multiple written quotes for spend over \$200.

Administration conducted an in-depth analysis on the types and volumes of purchases for each threshold. The analysis revealed that most purchases in the lower value thresholds were for time-critical requirements. An audit conducted on purchases up to \$2,000 revealed that most purchases were low risk and included hardware, stationary orders, printing costs, catering, training courses and subscriptions.

The requirement for seeking two written quotes ends up costing the City time and money whilst delivering no value, coupled with the delays creating bottlenecks and risks in not being able to deliver the required goods or services on time.

- **Consistent threshold levels across local governments**

Administration conducted a review of threshold levels across 13 metropolitan and regional local governments. The purpose of this review was to benchmark the City's threshold levels and requirements with other local governments.

The review revealed that the City is the only local government out of the 13 councils that has a threshold level below \$1,000. The threshold levels that are being recommended below align with other local governments, particularly for the first threshold, and with WALGA's procurement governance advice on threshold levels.

The breakdown of data for the first threshold level is as follows:

- Three local governments had \$0 - \$1,000
- Four local governments had \$0 - \$2,000
- One local government had \$0 – \$3,000
- Four local governments had \$0 - \$5,000

## **2. Reducing the required number of quotes for prequalified suppliers:**

In 2020 the City amended the Purchasing Policy to reflect the increase of the mandatory tender threshold from \$150,000 to \$250,000 due to the impact of COVID-19. In addition it was decided to raise the required number of quotations for prequalified suppliers (i.e. WALGA and WA State Government Common Use Arrangements) from direct purchase to two (2) quotations for the \$201 - \$5,000 threshold and \$5,000 - \$20,000 threshold. The reasoning behind this decision was that it was thought this would ensure that staff were receiving the best offer from the panel of prequalified suppliers.

The increase to the required number of quotations has been trialled for the past two years and in practice, it has been found to add no value while effectively doubling the amount of time and work required by staff to purchase from these panels. A comprehensive assessment is undertaken on all suppliers to qualify for inclusion on the panels of prequalified suppliers with WALGA and the WA Governments CUA. This assessment includes:

- value for money by ensuring the supplier is providing the best rates or price available for the services provided;
- that the supplier has the organisational capacity and capability to undertake the services;
- that the supplier is financially stable and capable of undertaking the services.

A lower price outside of these panels does not mean better value as there is a trade-off with risk, quality, insurances and other contractual protections, all of which are vetted and provided through prequalified suppliers, combined with competitive pricing. It is therefore recommended that a more direct approach with these suppliers should be encouraged for the \$0 - \$2,000 and above \$2,000 and up to \$20,000 purchasing thresholds.

## **3. Updating the Contract Management Framework requirement for formal contracts:**

The City's Contract Management Framework currently states that a formal contract must be in place for all purchases above \$50,000. It should be noted that for all purchases below this value, the City is still protected by the General Conditions of Contract for the Supply of Goods and Services Under a Purchase Order.

The amendments to the Purchasing Thresholds proposed here, would raise the requirement for all purchases above \$100,000 to require a formal contract. Along with better aligning risk and value with the level of Contract Management required, this proposed amendment also aligns with the new local government reforms relating to greater transparency and accountability to list all contracts or procurements with a value of over \$100,000 in a publicly available Contract Register. In accordance with current requirements, the City lists all contracts with a value over \$250,000 on a publicly available register.

Administration conducted an analysis of the \$50,000 - \$100,000 threshold data over the past financial year to determine the volume, value and type of purchases that would instead be managed by the City's Purchase Order terms and obligations, rather than a more formal contract through the Contract Management Framework. The Contract Management Framework is designed to address higher risk or higher spend engagements.

The data revealed that there were 39 purchases made totalling \$2.6 million in this threshold. Out of those 39 purchases, 23 (totalling \$1.5 million) were made under a request for tender or exemption process which already results in a contract. This means that 59.0% of purchases would not be affected by amending the threshold for a contractual requirement as the total value of the procurement was above \$250,000 and contracted anyway.

The remaining 16 purchases (totalling \$1.1 million) were made under a request for quotation process. These types of purchases included one off cleaning, turf maintenance, supply and installation of lights by Western Power, IT equipment and consultancy services. The purchases were identified as low risk and could be safely and efficiently managed through the City's General Conditions of Contract for the Supply of Goods and Services Under a Purchase Order.

#### 4. Separating and amending the Aboriginal and Torres Strait Islander Businesses and Disability Enterprise Principle

The current Purchasing Policy combines the Aboriginal and Torres Strait Islander principle and the Disability Enterprises principle under the one heading. It is recommended that the two principles are separated to reflect the differences and importance of these two areas and emphasise the City's commitment on supporting both the Aboriginal and Torres Strait Islander community and the Disability community.

Amending Aboriginal and Torres Strait Islander Principle – To ensure that all local Aboriginal and Torres Strait Islander businesses are supported it is recommended that the Principle is updated to the following:

*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, the City will endeavour to procure goods and/or services from Aboriginal and Torres Strait Islander businesses.*

The above wording is reflective of the Vision in the City's Innovate Reconciliation Action Plan.

Amending Disability Enterprise Principle – To align the City's Purchasing Policy with the City's Access and Inclusion Plan (AIP) it is recommended to amend the Disability principle to the following:

*The City of Vincent is committed to working towards 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 and more vibrant community. In recognition of the potential for procurement processes to assist in supporting this vision, the City, where practicable, will endeavour 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.*

The above wording is reflective of the Vision in the City's DAIP 2022 – 2027.

#### 5. Procurement Exemptions

The City's current procurement exemptions listed in the Purchasing Policy are compliant with the exemptions listed in the Local Government (Functions and General) Regulations 1996. However, the list of exemptions does not account for several purchasing requirements that do not require multiple quotations. Administration has identified the below list of goods and services which do not require a competitive quotation process for the following purchases on the occasion the value does not exceed \$250,000 ex GST. The list is consistent with other Councils and it is important to include them in the exemptions so the City has a clear process on how to purchase these 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; and
- 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 be noted that the exemptions in the Purchasing Policy applies to all purchasing thresholds, excluding those over \$250,000 ex GST.

#### **CONSULTATION/ADVERTISING:**

In accordance with the City's [Community and Stakeholder Engagement Policy](#), community consultation of all new and significantly amended policies must be provided for a period exceeding 21 days in the following ways:

- notice published on the City's website;
- notice posted to the City's social media;
- notice published in the local newspapers;
- notice exhibited on the notice board at the City's Administration and Library and Local History Centre; and
- letters distributed to relevant local businesses and community groups

Public notice of this proposed new policy will be provided from Wednesday 5 April 2023.

#### **LEGAL/POLICY:**

Section 2.7(2)(b) of the *Local Government Act 1995* provides Council with the power to determine policies.

The City's [Policy Development and Review Policy](#) sets out the process for the development and review of the City's policy documents.

#### **RISK MANAGEMENT IMPLICATIONS**

Low: It is low risk for Council to undertake community consultation of the proposed amended policy.

#### **STRATEGIC IMPLICATIONS:**

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

##### Connected Community

*We have enhanced opportunities for our community to build relationships and connections with each other and the City.*

##### 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:**

While the preparation of the Policy would have no financial impact, the advertising would be subject to costs with consultation requirements covered by operational budgets.

**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 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.

The Policy is created pursuant to the Local Government (Functions and General) Regulations 1996. It applies to all purchases across all City Directorates and falls within the scope of a policy as its purpose is to be a "mandatory rule or principle which is required to provide clear direction to Administration on the day to day management of the City."

The proposed changes are considered to enhance the existing Policy and ensure that it reflects the current financial climate, provide an opportunity to improve the productivity and efficiency of staff for low value and low risk purchases, ensure that the City's purchasing process is efficient, effective and economical and ensure that it aligns with the City's RAP and DAIP, includes well substantiated justification for cash-in-lieu collection and expenditure. The amendments aim to improve the Policy's application and ultimately will result in improved purchasing process and outcomes.

# Purchasing Policy



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

## 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

- 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



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 and Disability Enterprises~~

~~In recognition of the potential for government procurement to assist in supporting Aboriginal and Torres Strait Islander businesses and Disability Enterprises to grow, which in turn can support the growth of jobs for Aboriginal people and people living with a disability, the City, where practicable, will endeavour to procure goods and/or services from Aboriginal Businesses and Disability Enterprises.~~

### 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, the City will endeavour 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, will endeavour 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.

### 5.6. 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.

### 6.7. Purchasing Requirements

#### 6.17.1 Values

# Purchasing Policy



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 [76.4](#) of this Purchasing Policy, unless an exemption stated under section 7.6 applies.

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 [76.6](#) of this Policy is not deemed to be suitable.

## [6.27.2](#) 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.

## [6.37.3](#) 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.

## [6.47.4](#) 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 <del>\$200</del> <u>\$2,000</u>	Direct Purchase from the open market with zero quotations required.  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.	Purchase directly from: <ul style="list-style-type: none"><li>• an existing panel of pre-qualified suppliers administered by the City; or</li><li>• a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA;</li></ul> with zero quotations required.

# Purchasing Policy



<p>Over <del>\$200</del> <u>\$2,000</u> and up to <del>\$5,000</del> <u>\$20,000</u></p>	<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><u>Different suppliers should be used from time to time to test value for money for regular purchases.</u></p> <p><del>*Where a written quote is not feasible a written note of the verbal quotation is to be recorded.</del></p>	<p>Purchase directly from:</p> <ul style="list-style-type: none"> <li>an existing panel of pre-qualified suppliers administered by the City; or</li> <li>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA;</li> </ul> <p><del>requiring two written quotations. with zero quotations required.</del></p> <p><del>*Where written quotations are not feasible a written note of the verbal quotations is to be recorded.</del></p>
<p>Over <del>\$5,000</del> <u>\$20,000</u> and up to <del>\$20,000</del> <u>\$100,000</u></p>	<p>Seek <del>two three</del> written quotations from the open market <u>including a brief outlining the specified requirement.</u></p> <p><del>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.</del></p> <p><del>Different suppliers should be used from time to time to test value for money for regular purchases.</del></p>	<p>Purchase directly from:</p> <ul style="list-style-type: none"> <li>an existing panel of pre-qualified suppliers administered by the City; or</li> <li>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA;</li> </ul> <p><del>requiring two written quotations including a brief outlining the specified requirement.</del></p>
<p>Over <del>\$20,000</del> <u>\$100,000</u> and up to <del>\$50,000</del> <u>\$250,000</u></p>	<p><del>Seek three written quotations from the open market including a brief outlining the specified requirement.</del></p> <p><u>Seek at least three (3) written quotations from the open market by formal invitation under a Request for</u></p> <p><u>Quotation (RFQ), containing pricing schedule and detailed specification of goods and services required.</u></p> <p><u>Contract required upon award of the RFQ.</u></p> <p><u>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.</u></p>	<p><del>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).</del></p> <p><u>A formal Request for Quotation (i.e. City of Vincent template, WALGA Template or State Government CUA template) must be used.</u></p> <p><u>Contract required upon award of the RFQ.</u></p> <p><u>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.</u></p> <p><del>Seek two written quotations including a brief outlining the specified requirement from either:</del></p> <ul style="list-style-type: none"> <li><del>an existing panel of pre-qualified suppliers administered by the City; or</del></li> <li><del>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA.</del></li> </ul>

# Purchasing Policy



<p>Over \$50,000 and up to \$250,000</p>	<p><del>Seek at least three 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.</del></p> <p><del>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.</del></p>	<p><del>Seek three written quotations from a pre-qualified panel of suppliers (whether administered by the City through the WALGA preferred supply program or State Government CUA). A formal Request for Quotation (i.e. City of Vincent template, WALGA Template or State Government CUA template) must be used.</del></p> <p><del>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.</del></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><b>(Council Approval)</b></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>

## 6.57.5 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.

## 6.67.6 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 to seek multiple quotations listed above apply to all purchasing thresholds, excluding over \$250,000 ex GST.

## 6.77.7 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.”*

## 7.8. Panels of Pre-qualified Suppliers

### 7.18.1 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

# Purchasing Policy



- 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.

## 7.28.2 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*.

## 7.38.3 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.

## 8.9. 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.

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,