

<b>Policy number</b>	Policy 301
<b>Policy title</b>	Purchasing
<b>Strategic outcomes supported</b>	CL1 – Effectively managing resources and performance CL2 – Communication and engagement with community CL3 - Accountability and good governance EC1 – Facilitating a strong local economy EN1 – Protecting and enhancing the natural environment

## Policy objective:

The objective of this policy is to establish guidelines to ensure the most cost effective and efficient methods are used in the procurement of goods, services or works.

This policy reinforces the principle that the maintenance of comprehensive and well documented records is crucial to ensuring that value for money has been obtained and that the procurement process has been conducted with probity and transparency.

## Policy scope:

This policy applies to all employees, contractors and entities that procure goods, services, or works for, or on behalf of, the Town of Victoria Park.

## Policy definitions:

**Aboriginal Business** means a business with a majority ownership by a person of Aboriginal or Torres Strait Island descent and is currently registered on the Aboriginal Business Directory WA issued by the Small Business Development Corporation and/or registered with the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation).

**Australian Disability Enterprise** means an Australian Disability Enterprise registered as such on the Australian Business Register.

**Local Business** is defined as a business that is location within the boundaries of the Town.

Furthermore, an eligible local business must:

- (i) have a physical business premises (in the form of an office, depot, shop, outlet, headquarters, or other premises where goods or services are being supplied from), located with the Town or adjoining LGAs. This does not exclude suppliers whose registered business is located outside the town or adjoining LGAs, but undertake the business from premises located in the Town or adjoining LGAs;
- (ii) have permanent staff that are based at the business premises located within the Town or adjoining LGAs;
- (iii) manage or deliver the majority of the outcomes which will be carried out from the business premises located in the Town or adjoining LGAs; and
- (iv) provide to the Town sufficient evidence which demonstrates compliance with the above criteria.

**WA State CUA** means the Western Australia State Common Use Arrangement.

**WALGA PSP** means the Western Australian Local Government Association Preferred Supplier Program.

## Policy statement:

1. This policy is the purchasing policy of the local government under regulation 11A of the *Local Government (Functions and General) Regulations 1996*.
2. The Council of the Town of Victoria Park is committed to ensuring the procurement of goods, services or works are managed appropriately, sustainably and transparently for the benefit of the community.
3. The use of alternative procurement methods, such as corporate credit cards, transaction cards and supplier panels are supported where benefits through improved administrative practices and more efficient cash management can be demonstrated.
4. Throughout the procurement process, the Town will:
  - (a) Ensure transparency, probity and good governance to rate payers and relevant stakeholders on procurement activities.
  - (b) Ensure consistency and control over procurement activities.
  - (c) Encourage competitive procurement of goods, services or works and maximise community value.
  - (d) Ensure that funds are spent effectively and economically to gain value for money by considering price and non-price factors such as after sales service, warranty, safety, environment, repair costs, spare parts, etc.
  - (e) As much as practicable support local business.

## Principals for procurement

### Ethical Principles

Legislation	All procurement activities must comply with legal obligations including the requirements of the <i>Local Government Act 1995</i> , <i>Local Government (Functions and General) Regulations 1996</i> , <i>Local Government (Financial Management) Regulations 1996</i> as well as the <i>Competition and Consumer Act 2010</i> .
Honesty and fairness	Town officials must conduct all procurement with honesty, fairness and probity and must not disclose any confidential information.
Accountability and transparency	All procurement activities are undertaken through a process that is open, clear, and documented.
Declaration of conflicts of interest	Any conflicts of interest (actual or potential) during the procurement process must be declared and managed.
No anti-competitive practices	Town officials must not engage in practices that are anti-competitive or engage in any form of collusive practice.
No improper advantage	Town officials must not engage in practices that aim to give any supplier an advantage over other suppliers.
Intention to proceed	The procurement process must be undertaken with an intention to proceed with the purchase including having funding available for the purchase.
Cooperation	Town officials must encourage business relationships based on open and effective communication, respect, and trust.

Gifts and Hospitality	No Councillor or member of Town staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the Council is interested.
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### Responsible financial management

- The principle of responsible financial management is to be applied to all procurement activities. Town funds are to be used efficiently and effectively to procure goods, services, or works and every attempt must be made to contain the cost of the procurement process without compromising any of the procurement principles set out in this policy.

### Value for money

- Procurement activities are to be carried out based on obtaining the best value for money. This means minimising the total cost of ownership over the lifetime of the good or service consistent with acceptable quality, reliability, safety, and delivery considerations. Contracts will be formed with a view to maximising the economies available through the quotation/tender process and ensuring that the process provides real competition.
- When assessing value for money, the Town must consider the environmental sustainability of the proposed goods and services (such as energy efficiency, environmental impact, and the use of re-usable, recycled, and recyclable products).
- Council is committed to ensuring funds are spent effectively and economically whilst considering all price and non-price factors.

### Procurement thresholds

- The methods of conducting procurement processes are intended to be transparent and appropriate while ensuring value for money and the best use of the Town's resources.
- The Town will supply the same information to all suppliers. If an important change to the procurement requirements is made, then all suppliers are to be alerted at, or around, the same time. Probity and confidentiality is to be maintained throughout any quotation or tender process.
- The values below prescribe the procurement thresholds, along with the associated guidelines, that are to be observed (all values are exclusive of Goods and Services Tax) and are set out in the below table:

Up to \$5,000	<p>The Town will use its general knowledge of the market to ascertain whether the purchase represents value for money in accordance with the relevant management practice.</p> <p>Where practical, the Town will approach a <i>Local Business, Aboriginal Business or Australian Disability Enterprise</i> as a priority whilst going to the open market.</p> <p>The Town will seek more than one quotation if they are not satisfied that the first choice of supplier would represent value for money.</p>
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<p>From \$5,000 up to \$50,000</p>	<p>The Town is to obtain at least three written quotations from suppliers in accordance with the relevant management practice.</p> <p>The Town is to clearly define and specify the goods, services or works being procured with the intent being to enable suppliers to respond and to appropriately price their quote.</p>
<p>From \$50,000 up to \$250,000</p>	<p>The Town is to obtain at least three written quotations from suppliers in accordance with the relevant management practice.</p> <p>This process may include obtaining quotes from panels in the <i>WALGA PSP or WA State CUA</i> in accordance with the management practice.</p> <p>The procurement evaluation and decision is to be based on the pre-determined evaluation criteria and is to be undertaken by an evaluation panel of not less than three relevantly qualified persons in accordance with the relevant management practice.</p>
<p>Above \$250,000</p>	<p>A Request for Tender process is to be conducted where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement, as prescribed.</p> <p>The Request for Tender process is to be conducted in accordance with part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assess all value for money considerations, as defined in this policy and relevant management practices.</p>

12. Where obtaining quotes is impractical due to significant financial or other adverse impact to the Town, the Chief Executive Officer (CEO) at their discretion, may waive the requirements to obtain quotes. The request to waive the quotation requirement must be in writing. If approved by the CEO, this quotation waiver must be saved within the appropriate records management system.
13. For procurement of goods, services or works above the minimum threshold and below the tender threshold, where it can be demonstrated that there is only one source of supply, procurement may be permitted without undertaking a quotation process, in accordance with the relevant management practice.

#### Approval of expenditure

14. Subject to conditions imposed under delegations, policy and relevant management practices, management discretion may be used to incur expenditure for all approved budget items except those identified in the budget as requiring a report, or a further report, to Council.
15. The CEO may as appropriate, through a management practice establish bands for the approval of expenditure and procurement decisions to be undertaken by Officers or particular groups of Officers.

## Sustainable and ethical procurement

16. Sustainable procurement is defined as the procurement of goods, services or works that have the most positive environmental, social, and local economic impacts possible over the entire life cycle of a product or service. This is consistent with ISO 20400. The Town is committed to implementing sustainable procurement where appropriate, by providing a preference to suppliers that demonstrate sustainable business practices.
17. A sustainable procurement criterion will be included, and appropriate qualitative weighting will be used in the evaluation of quotes and tenders that will take into account environmental, social and local economic impacts. An appropriate weighting, typically between 5 and 20 per cent, will be selected at the time that the quote or tender document is prepared with consideration to the type of contract and industry involved.
18. The Town will support the purchasing of requirements from *local businesses*. Where practical, the Town will provide opportunity to *local businesses* to provide goods, services or works requirements and all requests should consider ways to encourage *local businesses* to respond.

The evaluation panel may consider a graduated score which recognises businesses that are primarily located within the Town boundary, and a lower graduated score for businesses located within the adjoining LGAs.

The Town will also consider adopting key performance indicators for successful suppliers that encourage the placement of the local workforce i.e. employees that reside within the Town's boundary. This could take the form of promotional activities for recruitment that target local residents or schools. However, recruitment activities must not discriminate in favour of employees that reside within the Town's boundary.

The Town will maintain a register of local suppliers interested in receiving requests for forthcoming projects.

19. The Town will support the purchasing of requirements from *Aboriginal Businesses*. Where practical, the Town will provide opportunity to *Aboriginal Businesses* to provide goods, services or works requirements and all requests should consider ways to encourage *Aboriginal Businesses* to respond.

For example, a sustainable procurement criterion will be included, and appropriate qualitative weighting will be used in the evaluation of quotes and tenders to provide advantages to *Aboriginal Businesses* in instances where they are not directly contracted.

20. The Town will support the purchasing of requirements from *Australian Disability Enterprises*. Where practical, the Town will provide opportunity to *Australian Disability Enterprises* to provide goods, services or works requirements and all requests should consider ways to encourage *Australian Disability Enterprises* to respond.

For example, a sustainable procurement criterion will be included, and appropriate qualitative weighting will be used in the evaluation of quotes and tenders to provide advantages to *Australian Disability Enterprises* in instances where they are not directly contracted.

An *Australian Disability Enterprise* may be contracted directly without the need to comply with the requirements pertaining to the threshold levels outlined in point 10 of this document.

21. The Town will adopt an approach to procurement that supports sound environmental considerations in its purchasing activities. For example, a sustainable procurement criterion will be included, and appropriate qualitative weighting will be used in the evaluation of quotes and tenders to take into account environmental considerations.

*Environmental sustainability includes:*

- (a) the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Town's strategic and operational objectives;
- (b) the use of qualitative weighted selection criteria in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:
  - (i) demonstrate policies and practices that have been implemented by the business as part of its operations;
  - (ii) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed; and
  - (iii) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

### Establishment of a panels of pre-qualified suppliers

22. Where there is a continuing need for particular goods, services or works the CEO may establish a panel of pre-qualified suppliers in accordance with requirements in Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996*.
23. Goods, services or works typically identified as suitable for panels of pre-qualified suppliers would be operationally beneficial to the Town. Matters to consider include but are not limited to:
  - (a) The regular and continuing need for the supply;
  - (b) The number of suppliers likely to be able to provide the supply;
  - (c) The complexity of the supply; and
  - (d) Value for money in the supply being provided from a pre-qualified supplier vs open market tender.
24. Any Statewide invitation to join a panel will include written criteria for deciding which application would be deemed suitable.
25. The CEO is to provide a list of recommended pre-qualified suppliers to Council for approval before appointment to the panel. The CEO is to also recommend to Council how the panel and will be structured in one of two ways:
  - (a) A ranking system where the top ranked supplier is listed as No.1. The CEO can then always seek written quotes from No.1. If No.1 can't supply or does not wish to supply a quotation, the CEO can then proceed to the next highest ranked supplier until a supplier is able to quote for the Town's requirements.
  - (b) An equally ranked system where the CEO seeks written quotations from each supplier and a value for money determination is made in relation to which supplier will be successful.
26. Where considered by the CEO to be operationally beneficial the CEO is able to purchase from any prequalified supplier appointed to the panel. \The CEO to endeavour to distribute the goods, services or works required between each panel member evenly, subject to the operational requirements of the Town at the time. Care is to be taken to ensure that no one supplier is over-committed at any one time.
27. Where a panel of pre-qualified suppliers is established, the duration of the panel contract is to be no longer than 5 years.

## Related documents

[Local Government \(Functions and General\) Regulations 1996](#)

Policy 312 Transaction Card

Management Practice 301.1 Purchasing

<b>Responsible officers</b>	Manager Finance Financial Services Controller Management Accountant Senior Procurement Officer Contracts and Procurement Officer
<b>Policy manager</b>	Chief Financial Officer
<b>Approval authority</b>	Council
<b>Next evaluation date</b>	June 2024

## Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted	12/08/1997	Council	-	-
2	Amended	20/03/2007	Council	-	Item 3.5
3	Amended	24/11/2009	Council	-	Item 3.8
4	Reviewed	09/07/2013	Council	-	Item 10.1
5	Reviewed	11/08/2015	Council	-	Item 10.1
6	Amended	09/08/2016	Council	-	Item 15.1
7	Reviewed and amended	20/08/2019	Council	148/2019	Item 10.1
8	Amended	17/12/2019	Council	282/2019	Item 14.3
9	Amended	19/05/2020	Council	393/2020	Item 11.1
10	Reviewed and amended	20/04/2021	Council	78/2021	Item 15.4
11	Reviewed and amended	21/06/2022	Council	136/2022	Item 15.5
12	Reviewed and amended	20/06/2023	Council	123/2023	Item 15.4
13	Administratively amended	24/08/2023	Delegation		
14	Administratively amended	13/09/2023	Delegation		