

# City of Greater Geraldton

## 4.9 PROCUREMENT OF GOODS AND SERVICES

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### SUSTAINABILITY THEME

#### Leadership

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### OBJECTIVES

The City of Greater Geraldton's procurement activities will:

1. Achieve best value for money that considers sustainable benefits, such as; environmental, social and local economic factors;
2. Foster economic development by maximising participation of local businesses in the delivery of goods and services;
3. Use consistent, efficient, ethical and accountable purchasing processes and decision-making, including; competitive quotation processes, assessment of best value for money and sustainable procurement outcomes for all purchasing activity, including tender exempt arrangements;
4. Apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;
5. Commit to probity and integrity, with all processes, evaluations, and decisions to be transparent, and free from bias;
6. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; including the avoidance of bias and of perceived and actual conflicts of interest;
7. Comply with the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996*, other relevant legislation, Codes of Practice, Standards and the City's Policies and procedures;
8. Ensure purchasing outcomes contribute to efficiencies (time and resources) for the City.
9. Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the City's Risk Management framework;
10. Ensure all purchasing activities including processes, evaluations, and decisions are comprehensively recorded in accordance with the *State Records Act 2000*, audit requirements, relevant legislation, and applicable City policies;
11. Ensure confidentiality that protects commercial in confidence information and only releases information where approved or required though relevant legislation.

### POLICY STATEMENT

The City of Greater Geraldton (the "City") is committed to applying the objectives, principles and practices outlined in this Policy, to all purchasing activity and to ensuring alignment with the City's strategic and operational objectives.

Procurement processes and practices to be complied with are defined within this Policy, the City procurement processes and the WALGA Procurement Handbook.

## POLICY DETAILS

### 1. Ethics & Integrity

#### 1.1. Code of Conduct

The City's Code of Conduct applies when undertaking purchasing activities and decision making, requiring Council Members and employees to observe the highest standards of ethics and integrity and act in an honest and professional manner at all times.

#### 1.2. Code of Business Ethics

City Suppliers servicing the City shall at all times comply with the City's Code of Business Ethics to ensure the highest standard of ethics and integrity in procurement activities.

### 2. Value for Money

#### 2.1. Defining Value for Money

2.1.1. Value for money is determined when the consideration of price, risk, and qualitative factors are assessed to determine the most advantageous outcome to be achieved for the City. As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

2.1.2. The City will apply value for money principles in critically assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous.

2.1.3. Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money for the City.

#### 2.2. Assessing Value for Money

An assessment of the best value for money outcome for any purchasing process should consider:

2.2.1. All relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, and other costs such as, but not limited to; holding costs, operating costs, consumables, deployment, training, maintenance and disposal;

2.2.2. 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. This includes but is not limited to an assessment of compliances, the supplier's resource availability, capacity and capability, value adds offered, warranties, guarantees, repair and replacement policies and response times, ease of inspection and maintenance, ease of after sales service, ease of communications etc.

2.2.3. The supplier's financial viability and capacity to supply without the risk of default, including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history;

2.2.4. The safety requirements and standards associated with both the product design and the specification offered by suppliers, and the evaluation of risk arising from the supply, operation and maintenance, when considering purchasing goods and services from suppliers;

2.2.5. Sustainable environmental, economic, and social benefits and good corporate social responsibility; and

2.2.6. Analysis and management of risks and opportunities that may be associated with

the purchasing activity, potential supplier/s and the goods or services required.

### 3. Purchasing Requirements

#### 3.1. Legislative/Regulatory Requirements

The requirements that must be complied with by the City, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the City.

#### 3.2. Purchasing Value

3.2.1. Purchasing that is **\$250,000 or below in total value** (Inc. GST) must be in accordance with the purchasing practice requirements under the relevant Purchase Value threshold as defined under section 3.5 of this Purchasing Policy.

3.2.2. Purchasing that exceeds **\$250,000 in total value** (Inc. GST) must be put to public Tender when it is determined that a regulatory Tender exemption, as stated under sections 3.5 and 3.8 of this Policy is not deemed to be suitable.

3.2.3. The City will apply reasonable and consistent methodologies to assess and determine Purchasing Values, which ensure:

- The appropriate purchase value threshold and purchasing practice requirements are applied in all purchasing activities; and
- Wherever possible, purchasing activity for the **same category of supply** is aggregated into single **contract** arrangements, to achieve best value for money and efficiency in future purchasing activities, where the requirements are able to be provided by a single supplier

3.2.4. A **category of supply** can be defined as groupings of similar goods or services with common: supply and demand drivers; market characteristics; or suppliers

3.2.5. Where there is no relevant current **contract** in place for the required goods and services, each purchasing activity is to assess the Purchasing Value.

#### 3.3. Purchasing Value Assessment

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

3.3.1. Inclusive of Goods and Services Tax (GST).

3.3.2. The actual or estimated total expenditure for the proposed supply, including the value of all contract extension options and where applicable, the total cost of ownership considerations.

3.3.3. If a purchasing value threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant value threshold (including the tender threshold) must be applied.

3.3.4. Must incorporate any potential variation to the scope of the purchase. Variations are to be minor with relation to overall purchase price.

3.3.5. Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value. Where a proposed variation may exceed 10% of the original purchase price, the process must be verified as allowable by Corporate Commercial Services and have Director approval.

3.3.6. Requirements must not be split to avoid purchasing or tendering thresholds [*Functions and General Regulation 12*].

3.3.7. The calculated estimated purchasing value will determine the applicable threshold and purchasing practice requirements to be undertaken.

### 3.4. Supplier Order of Priority

The City will consider and apply, where applicable, the following Supplier Order of Priority:

Priority	Supplier Type
<p>Priority 1:</p>	<p><b>Existing City Contract or Prequalified City Supplier Panel</b></p> <p>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.</p> <p>Where the City has an existing panel of prequalified suppliers in place, it must ensure that goods and services required are purchased from the panel to the extent that the scope of the panel allows.</p> <p>If the City does not have a current contract or supplier panel relevant to the required supply, and the <u>Purchasing Value</u> <b>exceeds</b> the tender threshold of \$250,000 inc GST, then a compliant procurement method will be utilised as determined by a procurement plan.</p> <p>If the City does not have a current contract or supplier panel relevant to the required supply, and the <u>Purchasing Value</u> <b>does not exceed</b> the tender threshold, then <u>Local Suppliers</u>, <u>Tender Exempt</u> suppliers, and <u>Other Suppliers</u> may be used via eQuotes in accordance with the <u>Purchase Value Thresholds</u> table below.</p>
<p>Priority 2:</p>	<p><b>Local Suppliers</b></p> <p>Where the <u>Purchasing Value</u> <b>does not exceed</b> the tender threshold and a relevant local supplier is capable of providing the required supply, the City will ensure that wherever possible, quotations are obtained from local suppliers permanently located within the District as a first priority, and those permanently located within surrounding Districts as the second priority.</p> <p>Quotations are to be obtained via eQuotes in accordance with the <u>Purchase Value Thresholds</u> table below.</p> <p>If no relevant local supplier is available, <u>Tender Exempt</u> suppliers, and <u>Other Suppliers</u> may be used via eQuotes in accordance with the <u>Purchase Value Thresholds</u> table below.</p>
<p>Priority 3</p>	<p><b>Tender Exempt - WALGA Preferred Supplier Arrangement (PSA)</b></p> <p>Use a relevant WALGA preferred supplier panel contract regardless of whether or not the Purchasing Value will exceed the tender threshold.</p> <p>However, if a relevant panel contract exists but an alternative supplier is considered to provide best value, then the CEO, or an officer authorised by the CEO, must approve the alternative supplier. Reasons for not using a panel contract may include:</p> <ul style="list-style-type: none"> <li>a) Local supplier availability (that are not within the panel contract); or,</li> <li>b) Social procurement – preference to use Aboriginal business or Disability Enterprise.</li> </ul> <p>If no relevant WALGA panel contract is available, then a relevant State Government CUA may be used.</p>

Priority	Supplier Type
Priority 4:	<p><b>Tender Exempt - WA State Government Common Use Arrangement (CUA)</b></p> <p>Use a relevant CUA regardless of whether or not the Purchasing Value will exceed the tender threshold.</p> <p>However, if a relevant CUA exists, but an alternative supplier is considered to provide best <u>value for money</u>, then the proposed alternative supplier must be approved by the CEO, or an officer authorised by the CEO.</p> <p>If no relevant CUA is available, then a Tender Exempt [<i>Functions and General Regulation 11(2)</i>] arrangement may be used.</p>
Priority 5:	<p><b>Other Tender Exempt arrangement</b> [<i>Functions and General Regulation 11(2)</i>]</p> <p>Regardless of whether or not the Purchasing Value will exceed the tender threshold, the City will investigate and seek quotations from tender exempt suppliers, and will specifically ensure that wherever possible quotations are obtained from a WA Disability Enterprise and / or an Aboriginal Owned Business that is capable of providing the required supply.</p>
Priority 6:	<p><b><u>Other Suppliers</u></b></p> <p>Where there is no relevant existing contract or tender exempt arrangement available, purchasing activity from any other supplier may be carried out via eQuotes, in accordance with the <u>Purchase Value Thresholds</u> table below.</p>

### Purchasing Value Thresholds and *Minimum* Purchasing Practice Requirements

The Purchasing Value, assessed in accordance with clause 3.3, determines the purchasing practice requirements to be applied to the City's purchasing activities, in accordance with the table below:

Purchase Value Threshold (inc GST)	<u>Minimum</u> Purchasing Practice Requirements
Up to \$2,500 (inc GST)	<p>No formal quotes required, direct purchase.</p> <p>Preference to be given to local suppliers registered on WALGA preferred supplier lists.</p> <p>The purchasing decision and supplier appointment is directed by best <u>value for money</u> principle.</p> <p>The purchasing decision is to be recorded in TRIM.</p>
\$2,501 and up to \$5,000 (inc GST)	<p>Obtain at least one written quotation via eQuotes from a suitable supplier in accordance with the Supplier Order of Priority detailed in clause 3.4.</p> <p>The purchasing decision and supplier appointment is directed by best value for money principle.</p> <p>The purchasing decision, including downloaded finalized eQuote, is to be recorded in TRIM.</p>

Purchase Value Threshold (inc GST)	<u>Minimum</u> Purchasing Practice Requirements
\$5,001 and up to \$50,000 (inc GST)	<p>Obtain at least three (3) written quotations via eQuotes from suitable suppliers in accordance with the Supplier Order of Priority detailed in clause 3.4.</p> <p>If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of three (3) written quotation via eQuotes shall be obtained.</p> <p>Include a brief outline of the specified requirement for the goods; services or works required.</p> <p>The purchasing decision and supplier appointment is to be based upon assessment of the suppliers' responses to:</p> <ul style="list-style-type: none"> <li>• the brief outline of the specified requirement for the goods, services or works required; and</li> <li>• best value for money principle, not necessarily the lowest price.</li> </ul> <p>The purchasing decision, including downloaded finalized eQuote is to be recorded in TRIM.</p>
\$50,001 and up to \$250,000 (inc GST)	<p>Obtain at least three (3) written quotations via eQuotes from suitable suppliers in accordance with the <u>Supplier Order of Priority</u> detailed in clause 3.4.</p> <p>Include a formal invitation using the <u>Request for Quotation</u> template, containing price schedule, detailed specification of goods and services required, and evaluation criteria on <u>value for money</u> considerations that will be used to assess supplier responses.</p> <p>The purchasing decision and supplier appointment is to be based upon assessment of the suppliers' responses to:</p> <ul style="list-style-type: none"> <li>• the formal Request for Quotation, containing price schedule, detailed specification of goods and services required; and</li> <li>• pre-determined evaluation criteria that assesses all <u>value for money</u> considerations in accordance with the definition stated within this Policy.</li> </ul> <p>The purchasing decision is to be formalized using the <u>Evaluation Report</u> template, which including downloaded finalized eQuote is to be recorded in TRIM.</p>
Over \$250,000 (inc GST)	<p>Where the purchasing requirement is not suitable to be met through a panel of prequalified suppliers, or any other tender-exempt arrangement as listed under section 3.8 of this Policy, 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>Tender Exempt</b> arrangements (i.e. WALGA PSA, CUA or other tender exemption under <i>[Functions and General Regulation 11(2)]</i>) require at least three (3) written responses from suppliers via eQuotes by invitation under a formal <u>Request for Quotation</u> in accordance with the <u>Supplier Order of Priority</u> detailed in clause 3.4</p> <p>OR</p>

Purchase Value Threshold (inc GST)	<u>Minimum</u> Purchasing Practice Requirements
Over \$250,000 (inc GST) Cont.	<p><b>Public Tender</b> undertaken in accordance with the <i>Local Government Act 1995</i> and relevant City Policy and procedures.</p> <p>The Tender Exempt or Public Tender purchasing decision and supplier appointment is to be based on the suppliers response to:</p> <ul style="list-style-type: none"> <li>• A detailed specification; and</li> <li>• Pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</li> </ul> <p>The purchasing decision, is to be formalized using the <u>Tender Evaluation Templates</u>, which including downloaded finalized eQuote (for Tender Exempt Arrangements) is to be recorded in TRIM.</p>
Emergency Purchases (Within Budget)	<p>Where goods or services are required for an emergency response and are within scope of an existing City Contract or City Prequalified Supplier Panel, the emergency supply must be obtained from the existing contract or panel, using relevant unallocated budgeted funds.</p> <p>If there is no existing contract or panel, then clause 3.4 <u>Supplier Order of Priority</u> will apply wherever practicable.</p> <p>However, where due to the urgency of the situation; a contracted or tender exempt supplier is unable to provide the emergency supply <u>OR</u> compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply.</p> <p>However, an emergency supply is only to be obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of <u>value for money</u> principles.</p> <p>Emergency purchases are defined as the supply of goods or services associated with:</p> <ol style="list-style-type: none"> <li>a) A local emergency and the expenditure is required (within existing budget allocations) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets; OR</li> <li>b) A local emergency and the expenditure is required (with no relevant available budget allocation) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets in accordance with <i>s.6.8 of the Local Government Act 1995 and Functions and General Regulation 11(2)(a)</i>; OR</li> <li>c) A State of Emergency declared under <i>the Emergency Management Act 2005</i> and therefore, <i>Functions and General Regulations 11(2)(aa), (ja) and (3)</i> apply to vary the application of this policy.</li> </ol> <p>In an <u>urgent situation</u> where it is necessary to act immediately to protect people or property, an <u>exemption from obtaining quotes and tenders applies</u>, and are not required to be obtained prior to the purchase being undertaken.</p> <p>The relevant Director and CEO are to be advised as soon as reasonably practical given the circumstances. The requirements in relation to tender thresholds still apply to urgent situations.</p>

Purchase Value Threshold (inc GST)	<u>Minimum</u> Purchasing Practice Requirements
Emergency Purchases (Within Budget) Cont.	<p>It is recommended that where the likely purchase value is significant that appropriate <u>tender exempt</u> suppliers be utilised</p> <p>An emergency purchase does not relate to purchases not planned for due to time constraints, administrative omissions, and errors. Every effort must be made to anticipate purchases required by the City in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.</p> <p>The rationale for policy non-compliance and the purchasing decision must be recorded in TRIM.</p>
Emergency Purchases (No budget allocation available)	<p>Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with <i>s.6.8 of the Local Government Act 1995</i>, the Mayor must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.</p> <p>The CEO is responsible for ensuring that an authorised emergency expenditure under <i>s.6.8</i> is reported to the next ordinary Council Meeting.</p> <p>The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply.</p>

### 3.5. Purchasing Requirements & Thresholds where no City Established Contract Exists (Supplier Order of Priority clause 3.4 (Priority 1))

If the goods and/or services are not able to be sourced via an existing City contract or panel then the following apply:

- 3.5.1. Purchasers should use the process that produces the best value for money outcome to the City; this may mean that the process chosen exceeds the minimum Purchasing Requirements;
- 3.5.2. Where purchasers are unable to meet the minimum Purchasing Requirements, or the best value for money outcome will be achieved by not meeting the minimum purchasing requirements, approval for non-compliance with the policy may be granted by a Manager, the Director or CEO. Approval must be granted (aligned to respective financial authorisations) dependent on total value of the purchase;
- 3.5.3. Purchasers should take into account the cost of the procurement process in determining best value for money;
- 3.5.4. All requests for quote must be issued via the City's eQuotes system;
- 3.5.5. In extenuating circumstances, a Manager, Director or the CEO may provide written approval for the issuing of a request for quote outside of the City's eQuotes system; however all other requirements of this Policy must be complied with. Written approval must include full details of the extenuating circumstances, and must be recorded in TRIM and accompany the purchase requisition;
- 3.5.6. Where purchases have taken place as defined in sections 3.6.2, 3.6.5, or 3.8 a Manager approved file note or written approval outlining full details and documented approvals must be recorded in TRIM and accompany the purchase requisition;



- 3.5.7. The table above prescribes the minimum Purchasing Requirements that the City must follow, based on the purchase value;
- 3.5.8. An exemption applies at all purchase values where the requirements for a tender exemption as detailed in 3.8 are able to be met. Details of the exemption are to be included in the purchase requisition.

### 3.6. Requests for Quotes

- 3.6.1. Where a request for quote is required in accordance with this policy, the purchase must adhere to City Procurement Process, templates and guidelines as documented in Promapp.
- 3.6.2. Where the City has issued a request via eQuotes to all suppliers on a City of Greater Geraldton list in eQuotes, and has allowed sufficient time for suppliers to prepare a response with consideration given to the complexity of the request; but insufficient suppliers provide a response (where 3 written quotations are required), no further responses need be sought by the purchaser. A Manager approved file note is to be recorded with the procurement documentation that documents that the minimum number of responses was not achieved.
- 3.6.3. Where a tender exemption applies as defined in 3.8, written approval from a Manager, Director or the CEO (aligned to respective financial authorisations) must be sought to enable direct engagement with a tender exempt supplier and included with the purchase requisition
- 3.6.4. Where approval to procure goods or services via a tender exempt supplier has been approved, the following is required:
- Where possible multiple quotes must be sought from suitable tender exempt suppliers;
  - When accessing WALGA Preferred Supply Program a minimum of three suppliers must be invited to respond; and
  - When accessing WALGA Preferred Supply Program the quotes must be sought via eQuotes.

### 3.7. Tendering Exemptions

An exemption to publicly invite tenders may apply in the following instances:

- 3.7.1. An exemption applies in Emergency situations where it is necessary to act immediately to protect people or property;
- 3.7.2. The purchase is obtained from a pre-qualified supplier under a WALGA Preferred Supplier Panel Contract or State Government Common Use Arrangement.
- 3.7.3. The purchase is from another Local Government;
- 3.7.4. 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;
- 3.7.5. The purchase is acquired from an Australian Disability Enterprise and represents value for money;
- 3.7.6. The purchase is from a pre-qualified supplier under a Panel established by the City; or
- 3.7.7. Any of the other exclusions under Regulation 11 of the Regulations apply.

### 3.8. Inviting Tenders Under the Tender Threshold

Where considered appropriate and beneficial, the City may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation, for purchases under the \$250,000 tender threshold.

This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness, and compliance requirements, and also whether the purchasing requirement can be met through a WALGA Preferred Supplier Panel Contract or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the City's tendering procedures must be followed in full.

### 3.9. Sole Source of Supply

Where the purchasing requirement is over the value of \$5,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process.

This is only permitted in circumstances where the CEO or Director is satisfied and can evidence that there is only one source of supply for those goods, services, or works. The City must use its best endeavors to determine if the sole source of supply is genuine, by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed in accordance with delegation levels, prior to a contract being entered into.

An arrangement of this nature will only be approved for a period not exceeding one (1) year. For any continuing purchasing requirement, the approval must be re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.

### 3.10. Anti-Avoidance

The City shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

This principle applies to all purchase threshold levels.

## 4. 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.

For each procurement activity, such documents may include:

- Procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the contract;
- Request for Quotation/Tender documentation;
- Copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
- Copies of quotes/tenders received;
- Evaluation documentation, including individual evaluators notes and clarifications sought;
- Negotiation documents such as negotiation plans and negotiation logs;
- Approval of award documentation;

- All correspondence to respondents notifying of the outcome to award a contract;
- Contract Management Plans which describes how the contract will be managed; and
- Copies of contract(s) with supplier(s) formed from the procurement process.

#### 5. Sustainable Procurement and Corporate Social Responsibility

The City is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR).

Where appropriate, the City shall endeavor to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the City's sustainability objectives.

#### 6. Buy Local Policy

As much as practicable, the City shall endeavor to:

- Consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents, and do not unfairly disadvantage local businesses;
- Consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- Ensure that procurement plans address local business capability and local content;
- Explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- Avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid; and
- Provide adequate and consistent information to potential suppliers.

To this extent, a qualitative weighting may be afforded in the evaluation of quotes and tenders where suppliers are located within the boundaries of the City, or substantially demonstrate a benefit or contribution to the local economy.

A regional price preference may be afforded to locally based businesses for the purposes of assessment. Provisions are detailed within the Council Policy 4.11 Regional Price Preference.

#### 7. Purchasing from Disability Enterprises

*Local Government (Functions and General Regulation 11(2)(i))* provides a tender exemption if the goods or services are to be supplied from an Australian Disability Enterprise, as registered on [www.ade.org.au](http://www.ade.org.au). This is contingent on the demonstration of value for money.

Where possible, Australian Disability Enterprises are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Australian Disability Enterprises.

Minimum purchasing requirements are to be followed based on the purchase value.

#### 8. Purchasing from Aboriginal Businesses

*Local Government (Functions and General Regulation 11(2)(h))* provides a tender exemption if the goods or services are to be supplied from a person registered on the Aboriginal Business Directory WA published by the Chamber of Commerce and Industry of Western Australia, or Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation), where the expected consideration under contract is worth \$250,000 or less. This is contingent on the demonstration of value for money.

Where possible, Aboriginal businesses are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Aboriginal owned businesses or businesses that demonstrate a high level of aboriginal employment.

Minimum purchasing requirements are to be followed based on the purchase value.

## 9. Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process [*Functions and General Regulation 21*] where the required supply evidences one or more of the following criteria:

- (a) Unable to sufficiently scope or specify the requirement;
- (b) There is significant variability for how the requirement may be met;
- (c) There is potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;
- (d) Subject to a creative element; or
- (e) Provides a procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

All EOI processes will be based upon qualitative and other non-price information only.

### Contract Renewals, Extensions, and Variations

Where a contract has been entered into as the result of a publicly invited tender process, then [*Functions and General Regulation 21A*] applies.

For any other contract, the contract must not be varied unless:

- (a) The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or
- (b) The variation is a renewal or extension of the term of the contract where the extension or renewal options were included in the original contract.

Upon expiry of the original contract, and after any options for renewal or extension included in the original contract have been exercised, the City is required to review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

## 10. Environmentally Sustainable Procurement

The City will support the purchasing of recycled and environmentally sustainable products, whenever a value for money assessment demonstrates benefit toward achieving the City's strategic and operational objectives.

Qualitative weighted selection criteria will be used in the evaluation of Requests for Quote and Tenders, to provide advantages to suppliers which:

- demonstrate policies and practices that have been implemented by the business as part of its operations;
- generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed; and
- encourage waste prevention, recycling, market development, and use of recycled/recyclable materials.

## 11. Purchasing Policy Non-Compliance

The Purchasing Policy is mandated under the *Local Government Act 1995* and Regulation 11A of the *Local Government (Functions and General) Regulations 1996*, and therefore the policy forms part of the legislative framework in which the Local Government is required to conduct business.

Where legislative or policy compliance is not reasonably able to be achieved, records must evidence the rationale and decision making processes that substantiate the non-compliance.

Purchasing activities are subject to internal and external financial and performance audits, which examine compliance with legislative requirements and the City's policies and procedures.

If non-compliance with; legislation, this Purchasing Policy or the Code of Conduct, is identified it must be reported to the Chief Executive officer or the Chief Financial Officer.

A failure to comply with legislation or policy requirements, including compliance with the Code of Conduct when undertaking purchasing activities, may be subject to investigation, with findings to be considered in context of the responsible person's training, experience, seniority and reasonable expectations for performance of their role.

Where a breach is substantiated it may be treated as:

- an opportunity for additional training to be provided;
- a disciplinary matter, which may or may not be subject to reporting requirements under the *Public Sector Management Act 1994*; or
- where the breach is also identified as potentially serious misconduct, the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.

## KEY TERM DEFINITION

**eQuotes** means the electronic procurement application utilised to issue and receive requests for quotation, otherwise known as VendorPanel.

**Goods:** includes tangible, quantifiable material requirements usually capable of being moved or transported that are purchased, rented, leased, or hired by the City.

**Pre-qualified supplier/ Tender Exempt:** is a supplier who has through public tender been accepted on a City or WALGA Preferred Supply panel, a State Government Common Use Arrangement (CUA) or a registered Aboriginal or Disability organisation.

**Purchasing or Procurement** is defined as the entire process by which all classes of resources (including but not necessarily restricted to human, material, plant, equipment, facilities and services) are obtained generally for a local government activity, function or specific project by payment. This can include the functions of planning, design, standards determination, specifications writing, selection of suppliers, financing and other related functions.

Procurement methods can include:

- Direct Purchase – use existing supply agreements, e.g. Annual contracts, State/Commonwealth Government contracts; WALGA preferred suppliers; from Retail or Wholesale outlets.
- Oral Quotations.
- Written Quotations – dated and signed by the Supplier.
- Direct Negotiation.
- Lease/ Hire Agreements.
- Public Tender.
- Petty Cash.

**Services or Provision of Services:** means any task, consultancy, work or advice to be performed or

provided that is procured by the City. Included are services such as management consultancies, outsourcing, maintenance contract/ agreement, cleaning, waste removal, equipment repairs, external auditors, utilities and services acquired by a private sector provider for the City. Excluded are payments made directly to employees, superannuation and pension payments, statutory or involuntary payments and grants, subsidies and transfer payments.

## ROLES AND RESPONSIBILITIES

It is the responsibility of all City employees undertaking procurement activities to comply with this policy and it's supporting systems and procedures. All City employees when undertaking procurement activities are required to observe the highest standards of ethics and integrity and act in an honest and professional manner that supports the standing of the City of Greater Geraldton.

## WORKPLACE INFORMATION

*Local Government Act 1995*

*Local Government (Functions and General) Regulations 1996 – Divisions 1 and 2*

Council Policy 4.11 Regional Price Preference

Council Policy 4.10 Procurement via Panels of Prequalified Suppliers

Operational Policy OP023 Petty Cash

Procurement Processes & Guidelines as published in Promapp

WALGA Procurement Handbook

## POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Corporate Compliance & Safety	Biennial	2024
Version	Decision Reference		Synopsis	
4.	CCSXXX	XX/XX/2022	Policy Review	