



POLICY NO. CP 4.1.8

PURCHASING

PURPOSE

To comply with the legislative requirement under Regulation 11A of the *Local Government (Functions and General) Regulations 1996* (Regulations) to adopt and implement a purchasing policy.

POLICY STATEMENT

1. OBJECTIVES

The City of Gosnells is committed to maintaining purchasing practices that:

- (a) Ensure the City is compliant with all legislative obligations.
- (b) Are efficient and effective.
- (c) Ensure that procurement transactions are carried out in an accountable, fair, transparent and equitable manner.
- (d) Promote industry and community confidence in the integrity of the City's procurement activities.
- (e) Ensure that the City receives value for money in its purchasing.
- (f) Promote effective governance and clear roles and responsibilities.

2. VALUE FOR MONEY

The City's purchasing decisions will be based on value for money. An assessment of value for money should consider the following:

- (a) Price based on total life cycle costs.
- (b) 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.
- (c) Financial viability and capacity of the supplier to supply without the risk of default.
- (d) 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.
- (e) Where it is proposed to engage a disability enterprise or aboriginal owned business, consideration is to be given to the cost at which other companies may be able to supply the required goods or services.



3. PURCHASING THRESHOLDS REQUIREMENTS

3.1 Purchasing Thresholds

3.1.1 Purchasing thresholds apply to the total value of the goods or services required.

3.1.2 Purchases cannot be split into separate transactions with the intention of avoiding procurement thresholds.

3.1.3 When determining anticipated total expenditure, the expected expenditure over the contract term, including any possible extension(s), must be used to determine which threshold applies. For low value goods or services that will be required on an ongoing basis, the expected expenditure over a period of at least three years must be used to determine which threshold applies.

3.1.4 There is nothing to prevent the aggregation of similar goods or services that may be required for multiple projects into a single contract where it would deliver economies of scale or efficiency. If the decision is made to aggregate works or services for multiple projects, then the purchasing requirements applying to the aggregate spend must be used.

3.1.5 The minimum Purchasing Requirements are indicated in the table below:

Estimated Purchase Value (all values are GST Exclusive)	Purchasing Requirements
Up to \$10,000	Direct sourcing
\$10,001 - \$50,000	Obtain a minimum of two written quotations from suitable suppliers and provide evidence of value for money. Obtain a quote from businesses located within the City where possible.
\$50,001 - \$249,999	Following preparation of an appropriate specification, obtain a minimum of three written quotations from: <ul style="list-style-type: none"> • Suppliers considered capable of providing the required goods or services; or • WALGA Preferred Supplier Panels; or • State CUA Suppliers; or • Australian Disability Enterprises; or • Aboriginal owned businesses. Source quotations from businesses located within the City where possible.
\$250,000 and above	Use the most appropriate market approach to deliver the best value for money by: <ul style="list-style-type: none"> • Conducting a public tender process; • Conducting a public Expression of Interest process; • Undertake a formal Request for Quotation from WALGA Preferred Supplier Panels; or • Using a Common Use Arrangement (in accordance with the buying rules); or • Purchasing from an Australian Disability Enterprise or other tender exempt suppliers under the Regulations.



- 3.1.6 The Chief Executive Officer may, on the basis of achieving best value, call tenders in lieu of seeking quotations for purchases under the \$250,000 threshold (excluding GST). Any tender process that is initiated must comply with all legislative and procedural requirements for public tenders.

4. EXEMPTIONS

4.1 Sole Source of Supply

A sole source of supply arrangement can only be approved by the Executive Team where :

- (a) The purchasing value is expected to be less than \$250,000;
- (b) The goods or services have been clearly described and documented;
- (c) Only one potential supplier has been identified as being capable of providing the required goods or services; and
- (d) Outcomes of supplier assessments have been documented, inclusive of a rationale why the supply is determined as unique and cannot be sourced through another supplier.

A sole source of supply arrangement will only be approved for a period of up to three years. For any continuing purchasing requirement, the arrangement must be re-assessed before expiry to evidence that a Sole Source of Supply still genuinely exists.

4.2 Policy Exemption

Where, due to the nature of goods or services required by the City, there is more than one potential supplier but it would not be in the City's interests to obtain quotes, an exemption to compliance with clause 3.1 of this policy, other than a requirement to invite tenders, may be sought.

An exemption may only be granted by the Executive Team following consideration of a written report detailing the reasons for the proposed exemption.

Exemptions may be granted for the following reasons:

- (a) The services required rely on intellectual property accrued by a person or organisation that has undertaken previous work for the City;
- (b) The goods required are of a type that would make it advantageous for the City to use a particular make, model or product. For example, there may be advantages to the City in using a single model of mowers to enable the City to maintain spare parts or for ease of use by operators and servicing by mechanics;
- (c) The purchase involves the acquisition of software and the preferred software has been identified following thorough investigation of available alternatives;



- (d) The purchase involves the renewal of software maintenance and service agreements where software continues to meet the needs of the City and the cost of running a procurement process or commissioning and implementing a new system would make a change uneconomical.

5. PROCUREMENT PRINCIPLES

5.1 Term of Contracts

When determining the term of a contract or agreement the City will consider the potential:

- (a) For a change in technology, specification or availability; and
- (b) Costs associated with retendering for the supply of the goods or services, including implementation costs.

Short to medium term contracts are generally created for goods or services where there is a high or medium potential for change. Long term contracts are designed for goods and services that either have a low risk of change or there are significant costs to establish another contract.

Contract terms for corporate business systems should include multiple options for the City to extend the contract at its discretion for as long as the system continues to meet business needs, provided that no single extension period exceeds five years.

5.2 Selection Criteria

Compliance and qualitative selection criteria shall apply to all formal requests for quotations and tenders relative to the nature and complexity of the project or service.

5.3 Requirements for Written Contracts

Where the City procures goods and services worth more than \$50,000, or the goods or services are worth less than \$50,000 but the contract includes work that is considered to be high risk, a written agreement that includes the principal terms of the purchase is required and must be signed by an Officer with appropriate expenditure authorisation.

5.4 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 in order to avoid the requirements to invite tenders or to avoid requirements to source quotes in accordance with this policy.

5.5 Probity

In order to ensure the selection process is fair and objective, the City shall observe the highest standards of integrity. This is achieved by ensuring that:



- (a) Processes, procedures and documentation demonstrate fairness, openness and accountability, whilst ensuring that information that has commercial value to tenderers remains confidential. Prices will not be treated as confidential.
- (b) Tenders and quotations are undertaken on a competitive basis, in which the City seeks to attract a wide range of respondents that are treated impartially, honestly and consistently so that no individual respondent is either advantaged or disadvantaged.
- (c) Actual or perceived conflicts of interest are identified, disclosed, recorded and dealt with according to local government obligations.
- (d) Recommendations are made and decision-making is undertaken in a manner that is transparent, free from bias and fully documented.

5.6 Contract Variations and Extension Options

Contract variations and extension options are to be managed in accordance with the City's Contract Management Policy and procedures.

5.7 Local Economic Benefit

The City will, as far as practicable:

- (a) Source quotations from businesses located within the City;
- (b) Ensure its buying practices, procedures and specifications do not disadvantage local businesses;
- (c) Consider potential flow on benefit for local suppliers (i.e. servicing and support);
- (d) Ensure that procurement plans consider local business capability and local content; and
- (e) Provide adequate and consistent information to potential suppliers.

5.8 Purchasing from Disability Enterprises

An Australian Disability Enterprise as registered on www.ade.org.au may be contracted directly without the need to comply with the thresholds and requirements of this policy. This is contingent on the demonstration of value for money.

5.9 Purchasing from Aboriginal Businesses

A business registered on the Aboriginal Business Directory WA (published by the Chamber of Commerce and Industry of Western Australia <https://abdwa.icn.org.au>), or registered with the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation - <https://supplynation.org.au/>), may be contracted directly without the need to comply with the thresholds and requirements of this policy where the expected consideration under contract is \$250,000 or less. This is contingent on the demonstration of value for money.



6. PANELS OF PRE-QUALIFIED SUPPLIERS

6.1 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:

- (a) The City determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- (b) There are numerous potential suppliers in the local and regional market sector(s) that satisfy the test of ‘value for money’;
- (c) The purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- (d) The Panel will enhance the efficiency of the City’s purchasing and operations; and
- (e) The City has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

6.2 Establishing a Panel

6.2.1 A Panel shall be established with at least two members.

6.2.2 The invitation to join the Panel will include the standard information included in tender invitations, as well as the following:

- (a) The expected number of Panel members;
- (b) How Panel members will be appointed
- (c) How work will be distributed to those appointed to the Panel
- (d) A statement to the effect that there is no guarantee that the City will purchase goods or services from suppliers on the Panel;
- (e) How Panel members may be replaced should the requirement arise; and
- (f) The term for which the panel shall be initially established

6.3 Distributing work amongst Panel Members

When establishing a Panel, the invitation to join the Panel will prescribe one of the following as to whether the City intends to:

- (a) Obtain quotations from each supplier on the Panel with respect to all discrete purchases; or
- (b) Purchase goods and services exclusively from any supplier appointed to that



Panel, and under what circumstances.

In every instance, a contract must not be formed with a supplier on the Panel for an item of work that will continue for a period of more than 12 months, which includes options to extend the contract.

6.4 Communication with the Panel

At the commencement of each Panel a communication plan must be developed. This will set out how all communication between the City and Panel members will take place during the term of the Panel.

7. RECORD MANAGEMENT

All purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the City's Information and Record Management Policy and associated procedures. Such documentation includes, but is not limited to:

- (a) Tender/Panel/Expression of Interest/Quotation documentation;
- (b) Internal documentation, including planning and approvals;
- (c) Evaluation documentation;
- (d) Correspondence between the City and respondents;
- (e) Notification and award documentation; and
- (f) Subsequent quotation and purchase documentation.



GOVERNANCE REFERENCES

Statutory Compliance	Local Government Act 1995, Section 3.57 Local Government (Functions and General) Regulations 1996 – Part 4
Industry Compliance	WALGA Procurement Toolkit WALGA Preferred Supplier Arrangements
Organisational Compliance	Procedure F.012 Purchasing, Order Generation and Distribution Policy 4.2.2 - Information and Record Management
Process Links	Corporate Procedure B.003 – Request for Tenders, Quotes, Panels of Pre-Qualified Suppliers and Expressions of Interest Corporate Procedure B.002 – Purchase Requisitions and Orders

POLICY ADMINISTRATION

Directorate		Officer Title		Contact:	
Business Services		Director Business Services		9397 3000	
Risk Rating	Medium	Review Cycle	Biennial	Next Due:	2024

Version	Decision Reference	Synopsis
1.	FCS 16/05/1995	New Policy proposed
2.	OCM 83/06/1995	Policy adopted
3.	OCM 2128/12/1998	Policy amended
4.	OCM 176/08/05/2007	Original Policy revoked
5.	OCM 237/12/06/2007	New Policy adopted
6.	OCM 237/12/06/2007	Amended
7.	OCM 409/25/08/2009	Amended to incorporate electronic processes
8.	OCM 580/14/12/2010	Amended to provide better guidance for procurement processes.
9.	OCM 603/13/12/2011	Amended following financial management review by CEO for purchasing thresholds, involvement of officers with an interest in tendering process and clarification on weightings and scores given by the evaluation panel during assessment of tenders.
10.	OCM 18/14/02/2012	Additional information included in the Selection Criteria Evaluation table in clause 5.2.2 to assist Officers in the tender evaluation process.
11.	OCM 153/27/04/2012	Minor amendment in order to overcome difficulties experienced on occasions in obtaining the requisite three quotations.
12.	OCM 415/24/09/2013	Reviewed and amended with a change in quotation requirements to reflect when quotes can be waived when procuring goods and services under WALGA or Purchasing Agreements.
13.	OCM 382/23/09/2014	Reviewed and amended to add clause c) to 2.3 to promote purchasing from WA Disability Enterprises being contingent on the provision of fair value and quality.
14.	OCM 206/26/05/2015	Amended to clarify the appointment of panels and the use of panel contracts.
15.	OCM 372/22/09/2015	Amended the supply methodology for contracts with a value equal to or exceeding \$100,000.
16.	OCM 54/23/02/2016	Amended following changes to the Local Government (Functions and General) Regulations 1996 to improve purchasing and tendering practices in local government.
17.	OCM 317/26/09/2017	Reviewed and amended Clauses 2.1, 5.1.1, 5.1.3, 5.1.4, insertion of 5.3 and removal of Clause 6.
18.	OCM 333/9/10/2018	Original Policy revoked.
19.	OCM 334/9/10/2018	New Policy adopted.
20.	Memo to Councillors 29/10/2018	Removal of clause 6 relating to Aboriginal Business due to change in State government department referred to in the regulations.
21.	OCM 226/27/08/2019	Amended.
22.	OCM 96/14/04/2020	Amended to reflect changes to Regulations.
23.	OCM 251/08/09/2020	Reviewed and amended.
24.	OCM 115/25/05/2021	Reviewed and amended.
25.	OCM 154/12/07/2022	Reviewed and amended.