

POLICY

TITLE:	PROCUREMENT OF GOODS AND/OR SERVICES	CODE:	AF301
PURPOSE or OBJECTIVE:	To ensure all purchasing and procurement on behalf of the City is done through a consistent approach to market that is fair, transparent and equitable while mitigating risk to the City and achieving the best value for money.		
REFERENCE DOCUMENTS:	Local Government (Functions and General) Regulations 1996 – Part 4 Division 1 Local Government (Functions and General) Regulations 1996 – Part 4 Division 2 Local Government (Functions and General) Regulations 1996 – Part 4 Division 3		

POLICY STATEMENT

Purchasing decisions made on behalf of the City must be made following the principles of ethics and integrity, value for money, sustainability, transparency and open and effective competition.

1. Scope

The City of Canning (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.

2. Definitions

<i>Aboriginal Business</i>	A business which is majority owned by an Aboriginal or Torres Strait Islander person, and is registered on the Aboriginal Business Directory WA or Supply Nation.
<i>CEO</i>	The Chief Executive Officer of the City of Canning
<i>Local Business</i>	A business located within the boundaries of the City of Canning
<i>WA Disability Enterprise</i>	One of the eight registered organisations which provide employment opportunities for Western Australians with disability and mental illness.
<i>WALGA PSA</i>	Western Australian Local Government Association Preferred Supplier Arrangement
<i>WA State CUA</i>	Western Australia State Common Use Arrangement

3. Ethics and Integrity

The City’s Code of Conduct, Code of Ethics and Statement of Business Ethics apply when undertaking purchasing activities and decision making, requiring Council Members, employees and the City’s commercial business partners to observe the highest standards of ethics and integrity and act in an honest and professional manner at all times.

4. Value for Money

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.

5. Open and Effective Competition

- (1) Procurement activities should ensure competition is encouraged through the seeking of a number of quotations as required by the table in clause 8. Procurement Threshold Quotation Requirements.
- (2) Where the purchasing activity is not being done as a public tender and only where required, the CEO, a Directors or a Senior Manager may waive the quotation requirements, providing that written, justifiable reasons are appropriately recorded.

6. Defining the Purchasing Value

- (1) The City will apply reasonable and consistent methodologies to assess and determine Purchasing Values, which ensure:
 - (a) the purchasing threshold and practice is applied in all purchasing and contracting activities;

- (b) wherever possible, purchasing activity for the same category of supply is aggregated into a single contractual arrangement to achieve best value and efficiency in future purchasing activities where the requirements are able to be provided by a single supplier or panel of pre-qualified suppliers; and
 - (c) the purchasing threshold for that purchasing activity or category of supply is considered over a three year period for that required supply.
- (2) A category of supply is defined as being a grouping of similar goods or services with common supply and demand drivers, market characteristics or suppliers.

7. Approach to Market Priority

When approaching the market to obtain quotations or to form a contract, the City will consider and apply, where applicable, the following order of priority for engagement:

PRIORITY	REQUIREMENT
Priority 1	Existing Panel of Pre-Qualified Suppliers or other City Contract Current contracts, including Panels of Pre-Qualified Suppliers or other contracted suppliers, must be used where the City's requirements can be met through an existing contract.
Priority 2	Local Suppliers Where the purchasing value does not exceed 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.
Priority 3	Tender Exempt - WALGA PSA or WA State CUA Use a relevant WALGA PSA or WA State CUA, regardless of whether or not the purchasing value will exceed the tender threshold unless otherwise approved.
Priority 4	Other Tender Exempt Arrangement Regardless of whether or not the purchasing value will exceed the tender threshold, the City will investigate and seek quotations from WA Disability Enterprises that are capable of providing the required supply. Where the purchasing value does not exceed the tender threshold, the City will investigate and seek quotations from Aboriginal businesses that are capable of providing the required supply.
Priority 5	Other Suppliers Where there is no relevant existing City contract or the City believes value for money is best achieved outside of the other listed priorities, purchasing activity from any other supplier is to be in accordance with the relevant purchasing value threshold specified in the table below.

8. Purchasing Threshold Quotation Requirements

The purchasing value, assessed in accordance with clause 6. Defining the Purchasing Value, determines the purchasing practice as defined within the City's Procurement and Contract Management Framework, to be applied to the City's purchasing activities.

PURCHASING VALUE (GST EXCLUSIVE)	REQUIREMENT
Up to \$5,000	At least one verbal or written quotation is to be sought. The requirements of the City's <i>Procurement and Contract Management Framework</i> apply.
\$5,000 up to \$50,000	At least two written quotations are to be sought, except if purchasing from a local business where a minimum of one written quotation is to be sought. The requirements of the City's <i>Procurement and Contract Management Framework</i> apply.
\$50,000 to \$250,000	At least three written quotations are to be sought. The requirements of the City's <i>Procurement and Contract Management Framework</i> apply.
\$250,000 and above	A process shall be undertaken in accordance with Division 2 – Section 11 of the <i>Local Government (Functions and General) Regulations 1996</i> except if purchasing from a WALGA PSA, CUA or other tender exempt arrangement, where a minimum of three written quotations are to be sought, where that arrangement allows.

	The requirements of the City's <i>Procurement and Contract Management Framework</i> apply.
Emergency Purchases (Within budget)	Where goods or services are required for an emergency response and are within scope of an existing Panel of Pre-Qualified Suppliers or an existing contract, the emergency supply must be obtained from the Panel or existing contract using relevant unallocated budgeted funds. If there is no existing Panel or contract, then the Supplier Order of Priority will apply wherever practicable.
Emergency Purchases (No budget allocation available)	Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the <i>Local Government Act 1995</i> , the Mayor must authorise, in writing, the necessary budget adjustment prior to the expense being incurred. The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next ordinary Council Meeting. The purchasing practices prescribed for Emergency Purchases (within budget) above, then apply.

9. Emergency Purchases

- (1) Emergency purchases are defined as the supply of goods or services associated with:
 - (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;
 - (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 s6.8 of the Local Government Act 1995 and Functions and General Regulation 11(2)(a);
 - (c) a State of Emergency declared under the Emergency Management Act 2005 and therefore Functions and General Regulations 11(2)(aa), (ja) and (3) apply to vary the application of this Policy.
- (2) Time constraints, administrative omissions and errors do not qualify for definition as an emergency purchase. Instead, every effort must be made to research and anticipate purchasing requirements in advance and to allow sufficient time for planning and scoping proposed purchases and to then obtain quotes or tenders, as applicable.

10. Sole Source of Supply

- (1) An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier may be approved where the:
 - (a) purchasing value is estimated to be over \$10,000;
 - (b) purchasing requirement has been documented in an appropriate specification;
 - (c) specification has been market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
 - (d) rationale for why the supply is determined as unique and why quotations or tenders cannot be sourced through more than one potential supplier is documented and approved by an Executive Manager, Director or the CEO.

11. Anti-Avoidance

The City will not conduct multiple purchasing activities with the intent of splitting the purchase value or contract value, so that the effect is to avoid a particular purchasing threshold or the need to call a Public Tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

12. Contract Renewals, Extensions and Variations

- (1) Where a contract has been entered into as a result of a publicly invited tender process, then *Functions and General Regulation 21A* applies.
- (2) For any other contract, the contract must not be varied unless:
 - the variation is necessary in order for the goods or services to be supplied and does not significantly change the scope of the contract; or
 - (b) the variation is an extension of the term of the contract where the extension options were included in the original contract.

- (3) Upon expiry of the original contract, and after any options for renewal or extension included in the original contract have been exercised or declined, the City will review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

13. Local Economic Benefit

- (1) The City promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers within the City. As much as practicable, the City will:
 - (a) consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;
 - (b) consider indirect benefits that have flow on benefits for local suppliers, such as servicing or support; and
 - (c) explore the capability of local businesses to meet requirements and ensure that quotations and tenders are designed accommodate the capabilities of local businesses where possible.
- (2) To this extent, weighted qualitative criteria may be applied in the selection criteria for quotations and tenders, where suppliers are located within the boundaries of the City, or substantially demonstrate a benefit or contribution to the local economy.

14. Sustainable Procurement

- (1) The City is committed to implementing sustainable procurement by providing a preference to suppliers that demonstrate sustainable business practices such as social advancement. As much as practicable, the City will provide advantages to suppliers who:
 - (a) engage socially sustainable suppliers such as Australian Disability Enterprises and Aboriginal businesses as sub-contractors;
 - (b) have employment programs for Aboriginal persons or persons with a disability; or
 - (c) demonstrate initiatives such as corporate philanthropy which involved Aboriginal persons or persons with a disability.
- (2) 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. As much as practicable, the City will provide advantage to suppliers who:
 - (a) demonstrate environmentally sustainable practices that have been implemented by the business as part of its operations;
 - (b) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used and disposed; or
 - (c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.
- (3) To this extent, a weighted qualitative may be applied in the selection criteria for quotations and tenders, where suppliers demonstrate they are socially sustainable in line with the above considerations.

15. Establishing and Managing a Panel of Pre-Qualified Suppliers

- (1) If the City decides that a Panel of Pre-Qualified Suppliers is to be created, it will establish the panel in accordance with the requirements of Division 3 of the Regulations.
- (2) Panels can be established for one supply requirement, or a number of similar supply requirements under defined categories. This will be undertaken through an invitation procurement process advertised via a state-wide notice.
- (3) Selection criteria will be determined and communicated in the application process by which applications will be assessed and accepted.
- (4) In each invitation to apply to become a pre-qualified supplier, the City will state the expected number of suppliers it intends to put on the panel.
- (5) Should a Panel member leave the Panel, the City will consider replacing that organisation with the next ranked supplier that meets or exceeds the requirements in the value for money assessment – subject to that supplier agreeing. The City will disclose this approach in the detailed information when establishing the Panel.

16. Information to be Provided to Panels of Pre-Qualified Suppliers

- (1) To satisfy Regulation 24AD(5) of the Regulations, when establishing a panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the panel will also prescribe references to:

- (a) the length of time the panel will operate for, including any available extension options.
 - (b) how members of the panel may be replaced should the requirement arise.
 - (c) whether the City intends to buy the goods or services exclusively from the pre-qualified suppliers on the panel.
 - (d) a statement to the effect that there is no guarantee that the City will purchase any volume of goods or services from the pre-qualified suppliers on the panel.
- (2) In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes any options to extend the contract.

17. Buying Rules for a Panel of Pre-Qualified Suppliers

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state the buying rules for the panel, including any thresholds under which direct purchases may be made or when quotations will be sought from panel members.

18. Record Keeping

- (1) All purchasing activity, communications related to purchasing activity and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the City's Record Keeping Policy.
- (2) In addition, the City should consider and include in each contract for the provision of goods or services, the contractor's obligations for creating, maintaining and where necessary the transferral of records to the City relevant to the performance of the contract.

GOVERNANCE REFERENCES

Statutory Compliance	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i>
Process Links	<i>Statement of Business Ethics – D16/61936</i> <i>Procurement and Contract Management Framework – D16/61889</i> <i>Purchasing Procedures Manual – D18/167213</i> <i>Code of Conduct – D20/71834</i> <i>Code of Ethics – D15/68930</i>

POLICY ADMINISTRATION

Program responsible		Officer Title	
Canning Community and Commercial		Leader Contracts & Procurement	
Version	Decision Reference	Meeting type and date	Delegation No. (or N/A)
1	CR-216-12	Ordinary Council Meeting – 11 December 2012	59
2	CR-039-13	Ordinary Council Meeting – 28 May 2013	59
3	25 February 2014	Administrative change - Formatted to new template	59
4	AC-003-14	Ordinary Council Meeting – 18 March 2014	59
5	AC-017-15	Ordinary Council Meeting – 20 October 2015	59
6	ARC-007-16	Ordinary Council Meeting – 19 July 2016	59
7	CC-014-17	Ordinary Council Meeting – 15 August 2017	59
8	CC-067-20	Ordinary Council Meeting – 8 December 2020	NA