



PURCHASING POLICY

POLICY NUMBER: CORP-AP-001

PURPOSE

The purposes of this policy are to ensure:

- compliance with all relevant legislation including the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*;
- all purchasing activities are recorded in compliance with the *State Records Act 2000* and internal management practices for the City of Kalgoorlie-Boulder;
- the best value for money is attained for the City, while acknowledging the importance of strategic procurement;
- to mitigate probity risk, by establishing processes that promote openness, transparency, fairness and equity to all potential suppliers;
- providing optimal administrative efficiency by pursuing best-practice purchasing; and
- that sustainable benefits such as environmental, social and local economic factors are considered in the overall value for money assessment.

SCOPE

This policy applies to all City officers with purchasing and procurement responsibilities.

DEFINITIONS

CEO means the Chief Executive Officer of the City.

City means the City of Kalgoorlie-Boulder.

Direct sourcing means the procurement of goods and/or services by placing an order with the supplier of choice, without seeking other bids. An annual assessment of the market needs to be undertaken.

Emergency means an unanticipated and unbudgeted purchase without which exposes the City to an immediate risk or liability of high priority.



Local business means a business/organisation substantially trading from a recognised business address within the region. This Policy requires the businesses to have been operating out of the local premises for a continuous period of not less than six (6) months.

Quotation - Written means a statement from a supplier setting out the cost, technical specifications and description for the supply of goods and/or services.

Region means the geographical area which comprises the whole of the City of Kalgoorlie-Boulder.

Regional Price Preference: in relation to a quotation or tender submitted by an Eligible Business, involves assessing the quotation or tender as if the proposed price were discounted in accordance with the Regional Price Preference Policy.

Responsible Officer means the person responsible for the delivery of the project, good or service that is subject of the purchase.

Sole source of supply is where it has been clearly established that only one supplier can supply the requirement within Australia. Usually these are unique products that cannot be found anywhere but only through one supplier or manufacturer.

Tender means a Tender required under Clause 11 of the *Local Government (Function and General) Regulations 1996* or other Tender Procedure as determined by Council.

Term of Contract means the period of agreement, normally 1 year.

TenderLink means an online electronic tendering system it is used for issuing all City tenders.

VendorPanel means an online software system utilised for obtaining and managing request for quotations for goods and services. It contains local approved vendor panels for quotes of value up to \$150,000.00. It also contains WALGA preferred supplier panels which may be utilised for purchases of any amount.

POLICY STATEMENT

The City will strive to ensure the highest standards of ethics are observed in the purchasing of goods and services so as to maintain its professional standing and to promote confidence in the integrity of local government processes.

All processes associated with the purchase of goods and services will be carried out in a manner that is fully accountable, transparent, free from any perceived or actual bias or conflicts of interest, compliant with relevant legislation and fully documented in accordance with audit requirements.

POLICY DETAILS



1. Purchasing Principles

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- all purchase of goods and services must have an expenditure estimate included in the annual budget prior to purchase;
- 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;
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the City's Policies and Code of Conduct;
- purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently;
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed;
- any information provided to the City by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation; and
- a purchase order must be approved and issued prior to engaging a supplier to obtain goods or services.

2. Procurement Decision

- a. The procurement decision will consider the following:
- Price - includes transaction costs, delivery, and all other "whole of life costs" relevant to the underlying purchase;
 - Quality – any value add recognised, any technical merits, warranties, guarantees and ease of communication;
 - Criticality – the degree of importance to operational continuity;
 - Commonality/Uniqueness – the degree to which a product or service possesses like or interchangeable characteristics;



- Competitive market – this is attained by obtaining a sufficient number of competitive quotations wherever practicable;
 - Lead time and availability;
 - Buy local – providing opportunities to quote for businesses in the local Goldfields region, Regional Price Preference/Buy Local Policy applies to all purchases;
 - Safety – associated with product design and specification;
 - Financial risk – financial viability and capacity to supply without risk of default; and
 - Relevant experience/technical expertise and reputation – dealing with suppliers with reputable managerial and technical capabilities, and good corporate social responsibility while also able to demonstrate sustainable benefits.
- b. The selection criteria that should be used will depend on the above and is a responsibility of officers and employees of the City undertaking purchasing activities. Selection is linked to the complexity of the procurement decision, this will mean a varying level of consideration undertaken where considering the size and criticality of the purchase.

3. Value for money

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.

4. Roles and Responsibilities

Employees will use the local market for their procurement requirements to encourage economic growth and local business partnerships where it is practical and reasonable to do so. Employees are to ensure that the application of a regional price preference is clearly identified within the tender and quotation documents to which the preference is to be applied and that this policy is made available to businesses as part of the quotation or tender.

Employees will also ensure that no commitment to purchase goods and/or services is given to a supplier without an appropriately approved purchase order unless exempt under this policy.

5. Consequences

This policy represents the formal policy and expected procurement standards of the City. Elected Members and Employees are obligated under their relevant Code of



Conduct to give full effect to the lawful policies, decisions and practices of the City. Failure to comply with this policy will lead to disciplinary action.

6. Anti – Avoidance

Orders for the purchase of goods and services are not to be split into lesser-valued individual components so as to circumvent the guidelines associated with the purchasing thresholds established in this policy. Where feasible orders should be aggregated upwards to provide a contract for the supply of goods and services on an annual basis.

7. Purchasing Thresholds

The following table establishes the guidelines for the purchase of goods and services depending upon the estimated cost (excluding GST):

| Purchase Amount | Policy |
|------------------------|---|
| \$0 to \$5,000 | Direct Purchase from supplier using purchase order or Corporate Credit Card issued by the City. |
| \$5,001 to \$50,000 | Seek two written quotations from alternate suppliers |
| \$50,001 to \$250,000 | Seek three written quotations, price and the specification of goods and services are to be requested. The procurement decision will be based on value for money and qualitative considerations. |
| Above \$250,000 | A public tender process is required to be conducted through the TenderLink system; or Tender exempt in accordance with tender exempt processes. |

Where quotes are sought from alternate suppliers but suppliers decline to quote, or are not responsive, officers are required to document the outcome of the request. Where officers are unable to obtain the desired number of quotes, and are able to demonstrate that they took reasonable steps to ensure compliance with this policy, the procurement decision is to be based on the quote(s) received.



8. Exemption from Requiring Quotes

The City acknowledges that there are circumstances whereby the seeking of quotes between \$5,001 and \$250,000 is not always possible or practical. A list of exemptions to the purchasing thresholds are outlined in the City's Purchasing Procedure.

9. Exemption from Raising a Purchase Order

The City acknowledges that there are circumstances whereby it is not administratively efficient, nor effective, to raise a purchase order. All purchases that are exempt from the raising of a purchase order must be approved by an employee within their delegated authority limits. A list of exemptions to the raising of a purchase order are outlined in the City's Purchasing Procedure, (reviewed annually by the CEO).

10. Election to go to tender below legislated threshold (<= \$250,000, GST excl)

If a decision is made to seek public tenders for contracts of less than or equal to \$250,000, a Request for Tender process entailing all of the procedures for a tender, in accordance with the Act and the associated regulations must be followed in full.

11. Tendering Exemptions

An exemption to publicly invite tenders may apply 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; or
- the purchase is from a Regional Local Government or another Local Government; or
- the purchase is acquired from an Australian Disability Enterprise and represents value for money; or
- the purchase is from a pre-qualified supplier under a Panel established by the City; or
- the purchase is obtained from expenditure authorised in an Emergency; or
- the purchase is associated with a declared state of emergency; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

12. Emergency Purchases

Emergency purchase 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; or



- 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 s.6.8 of the *Local Government Act 1995* and Functions and General Regulation 11(2)(a); or
- 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.

13. Sustainable Procurement

Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.

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/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the City's sustainability objectives.

Practically, sustainable procurement means the City shall endeavour at all times to identify and procure products and services that:

- a. have been determined as necessary;
- b. demonstrate environmental best practice in energy efficiency / and or consumption which can be demonstrated through suitable rating systems and eco-labelling;
- c. demonstrate environmental best practice in water efficiency;
- d. are environmentally sound in manufacture, use, and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage;
- e. products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimise waste;
- f. for motor vehicles – select vehicles featuring the highest fuel efficiency available, based on vehicle type and within the designated price range; and
- g. for new buildings and refurbishments – where available use renewable energy and technologies.



14. Socially Sustainable

The City will support the purchasing of requirements from socially sustainable suppliers such as Australian Disability Enterprises and Aboriginal businesses wherever a value for money assessment demonstrates benefit towards achieving the City's strategic and operational objectives.

A qualitative weighting will be used in the evaluation of Requests for Quotes and Tenders to provide advantages to socially sustainable suppliers in instances where the below tender exemptions are not exercised.

Aboriginal Businesses

- a. *Functions and General Regulation 11(2)(h)* provides a tender exemption if the goods or services are supplied by a person 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 consideration under contract is \$250,000 or less, or worth \$250,000 or less.
- b. The City will first consider undertaking a quotation process with other suppliers (which may include other registered Aboriginal Businesses as noted in *F&G Reg.11(2)(h)*) to determine overall value for money for the City.
- c. Where the City makes a determination to contract directly with an Aboriginal Business for any amount up to and including \$250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money.
- d. If the contract value exceeds \$50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the City's Record Keeping Plan.

Australian Disability Enterprises

- h. *Functions and General Regulation 11(2)(i)* provides a tender exemption if the goods or services are supplied by an Australian Disability Enterprise.
- i. The City will first consider undertaking a quotation process with other suppliers (which may include other Australian Disability Enterprises) to determine overall value for money for the City.
- j. Where the City makes a determination to contract directly with an Australian Disability Enterprise for any amount, including an amount over the Tender threshold of \$250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money.



- k. If the contract value exceeds \$50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the City's Record Keeping Plan.

15. Support of Local Suppliers

Before entering into a contract for the purchase of goods and services the City shall give preference to a local supplier, where their bid is deemed to be competitive within the guidelines of the "Regional Price Preference/Buy Local Policy".

16. 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 or tenders provided that there must only be one genuine source of supply. Every endeavor to find alternative sources within Australia must be made and documented. The application of provision "sole source of supply" should only occur in limited cases.

17. Direct Sourcing

The procurement of goods and or services from a preferred supplier is allowable whereby a procurement assessment is undertaken annually as a minimum to support the use of the supplier. Direct sourcing only applies to purchasing to the value of \$5,000.00 excluding GST as per the stated purchasing thresholds.

18. Emergency Purchasing

An emergency purchase required in response to an emergency situation as provided for in the *Local Government Act 1995*. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken. An emergency purchase does not relate to purchases not planned for due to time constraints. Emergency Purchases are to include safety hazards / exposure to risk requiring immediate attention and are to be approved by the Chief Executive Officer.

COMPLIANCE REQUIREMENTS

RELEVANT DOCUMENTS

- Code of Conduct
- CORP- AP- 005 Regional Price Preference/Buy Local Policy
- CORP- AP- 004 Tendering Criteria



- Tender Procedure
- Purchasing Procedure

| DOCUMENT CONTROL | | |
|-------------------------|--------------|--|
| Responsible department | Finance | |
| Date adopted by Council | 26 June 2023 | |
| Date of last review | June 2023 | |
| Date of next review | June 2025 | |