Shire of Broome
A future, for everyone

# Purchasing

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# 1. Purchasing

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

## 1.1 Objectives

The Shire's purchasing activities will:

(a) Achieve best value for money that considers sustainable benefits, such as; environmental, social and local economic factors;

(b) Foster economic development by maximising participation of local businesses in the delivery of goods and services;

(c) Use consistent, efficient 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;

(d) Apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;

(e) Commit to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;

(f) Comply with the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996*, other relevant legislation, Codes of Practice, Standards and the Shire's Policies and procedures;

(g) Ensure purchasing outcomes contribute to efficiencies (time and resources) for the Shire of Broome;

(h) Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the Shire's Risk Management framework;

(i) Ensure records evidence purchasing activities in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan;

(j) Ensure confidentiality that protects commercial-in-confidence information and only releases information where appropriately approved.

## 1.2 Definitions

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

**"F&G Reg…"** is defined as the specified regulation under the *Local Government (Functions and General) Regulations 1996.*

**"Local"** is defined as having a registered business address located within the boundaries of the Shire of Broome.

**"Seek"** is defined as the practice of obtaining quotations from multiple suppliers and maintaining documented evidence to demonstrate that this process has been undertaken.

**"Shire"** is defined as the Shire of Broome.

**"WALGA"** is defined as the *Western Australian Local Government Association*.

## 1.3 Ethics and Integrity

The Shire's Codes of Conduct apply 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.

Refer to the Shire's Statement of Business Ethics for further details.

## 1.4 Value for Money

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

### 1.4.1 Value for Money Criteria

Value for money assessment will consider:

(a) 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, consumables, deployment, training, maintenance and disposal;

(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. 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.

(c) 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;

(d) A strong element of competition by obtaining a sufficient number of competitive quotations consistent with this Policy, where practicable;

(e) 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;

(f) The environmental, economic and social benefits arising from the goods, services or works required, including consideration of these benefits in regard to the supplier's operations, in accordance with this Policy and any other relevant Shire Policy including Local Economic Benefit; and

(g) Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.

## 1.5 Purchasing Thresholds and Practices

### 1.5.1 Defining the Purchasing Value

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

(a) The appropriate purchasing threshold and practice is applied in all purchasing activities; and

(b) Wherever possible, purchasing activity for the same category of supply is aggregated into single contract arrangements to achieve best value and efficiency in future purchasing activities where the requirements are able to be provided by a single supplier.

**1. Strategic Purchasing Value Assessments**

The Shire will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Shire will have continuing need and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

When determining the Purchasing Value threshold, the proposed or expected contract term in its entirety (including any extensions) is to be included

**2. Individual Purchasing Value Assessments**

In any case, where there is no relevant current contract, each purchasing activity is to assess the Purchasing Value based upon the following considerations:

(a) Exclusive of Goods and Services Tax (GST); and

(b) The estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations.

(c) The appropriate length of a contract is to be determined based on market volatility, ongoing nature of supply, historical purchasing evidence and estimated future purchasing requirements.

(d) Requirements must not be split to avoid purchasing or tendering thresholds [*F&G Reg. 12*].

The calculated estimated Purchasing Value will determine the applicable threshold and purchasing practice to be undertaken.

### 1.5.2 Table of Purchasing Thresholds and Practices

**(1) Supplier Order of Priority**

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

| | |
|---|---|
| **Priority 1:** | **Existing Prequalified Supplier Panel or other Contract**<br>Current contracts, including a Panel of Prequalified Suppliers or contracted supplier, must be used where the Shire's supply requirements can be met through the existing contract. |

| | |
|---|---|
| | If the Shire does not have a current contract relevant to the required supply, then a relevant WALGA , Preferred Supplier Agreement (PSA) is to be used. |
| **Priority 2:** | **Local Suppliers**<br>Where the Purchasing Value does not exceed the tender threshold and a relevant local supplier is capable of providing the required supply, the Shire 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.<br><br>If no relevant local supplier is available, then a relevant WALGA PSA may be used. |
| **Priority 3:** | **Tender Exempt - WALGA PSA**<br>Use a relevant WALGA PSA regardless of whether or not the Purchasing Value will exceed the tender threshold.<br><br>However, if a relevant PSA 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 PSA may include:<br>i. Local supplier availability (that are not within the PSA); or,<br>ii. Social procurement – preference to use Aboriginal business or Disability Enterprise.<br><br>If no relevant WALGA PSA is available, then a relevant State Government CUA may be used. |
| **Priority 4:** | **Tender Exempt - WA State Government Common Use Arrangement (CUA)**<br>Use a relevant CUA regardless of whether or not the Purchasing Value will exceed the tender threshold.<br><br>However, if a relevant CUA exists, but an alternative supplier is considered to provide best value for money, then the proposed alternative supplier must be approved by the CEO, or an officer authorised by the CEO.<br><br>If no relevant CUA is available, then a Tender Exempt *[F&G Reg.11(2)]* arrangement may be used. |
| **Priority 5:** | **Other Tender Exempt arrangement** *[F&G Reg. 11(2)]*<br>Regardless of whether or not the Purchasing Value will exceed the tender threshold, the Shire 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. |
| **Priority 6:** | **Other Suppliers**<br>Where there is no relevant existing contract or tender exempt arrangement available, purchasing activity from any other supplier is to be in accordance with relevant Purchasing Value Threshold and Purchasing Practice specified in the table below. |

### (2) Purchasing Practice Purchasing Value Thresholds

The Purchasing Value, assessed in accordance with clause 1.5.1, determines the Purchasing Practice to be applied to the Shire's purchasing activities.

| **Purchase Value Threshold** *(ex GST)* | **Purchasing Practice** |
|---|---|
| Up to $2,000 *(ex GST)* | Obtain at least one (1) verbal or written quotation from a suitable supplier in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1).<br>The purchasing decision is to be evidenced in accordance with the Shire's Recordkeeping Plan (RKP). |
| From $2,001 and up to $5,000 *(ex GST)* | Obtain at least one (1) written quotation from a suitable supplier in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1).<br>The quotation is to be attached to the requisition and the purchasing decision is to be evidenced in accordance with the Shire's RKP. |
| From $5,001 and up to $20,000 *(ex GST)* | Seek at least two (2) written quotations and obtain at least one (1) written quotation from suitable separate suppliers in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1).<br>If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.<br>The purchasing decision is to be based upon assessment of the suppliers response to:<br>• a brief outline of the specified requirement for the goods; services or works required; and<br>• Value for Money criteria, not necessarily the lowest price.<br>The quotation is to be attached to the requisition and the purchasing decision is to be evidenced in accordance with the Shire's RKP. |
| From $20,001 and up to $50,000 *(ex GST)* | Seek at least three (3) written quotations and obtain at least one (1) written quotation from suitable separate suppliers in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1).<br>If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.<br>The purchasing decision is to be based upon assessment of the suppliers' responses to:<br>• a brief outline of the specified requirement for the goods; services or works required; and<br>• Value for Money criteria, not necessarily the lowest quote.<br>The purchasing decision is to be evidenced using the Brief Evaluation Report Template and attached to the requisition for retention in accordance with the Shire's RKP. |
| From $50,001 and up to | Seek at least three (3) written responses and obtain at least one (1) written quotation from suppliers by invitation under a formal Request for Quotation in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1). |

| **Purchase Value Threshold** *(ex GST)* | **Purchasing Practice** |
|---|---|
| $250,000 *(ex GST)* | If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.<br><br>The purchasing decision is to be based upon assessment of the suppliers response to:<br><br>• a detailed written specification for the goods, services or works required; and<br>• pre-determined selection criteria that assesses all best and sustainable value considerations.<br><br>The procurement decision is to be evidenced using the Evaluation Report template retained on the relevant RFQ File in accordance with the Shire's RKP.<br><br>A Procurement Plan must also be completed and approved by the relevant Director prior to seeking quotes or approaching the market. The Procurement Plan must include the procurement methodology, market analysis, value for money considerations, evaluation criteria, identified risks and the rationale for the proposed procurement approach. The Procurement Plan is to be retained on the relevant RFQ file in accordance with the Shire's RKP. |
| Over $250,000 *(ex GST)* | **Tender Exempt** arrangements (i.e. WALGA PSA, CUA or other tender exemption under *F&G Reg.11(2)*) seek at least three (3) written responses and obtain at least one (1) written quotation from suppliers by invitation under a formal Request for Quotation in accordance with the Supplier Order of Priority detailed in clause 1.5.2(1).<br><br>OR<br><br>**Public Tender** undertaken in accordance with the *Local Government Act 1995, Local Government (Functions and General) Regulations 1996* and relevant Shire Policy and procedures.<br><br>The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers response to:<br><br>• A detailed specification; and<br>• Pre-determined selection criteria that assesses all best and sustainable value considerations.<br><br>The purchasing decision is to be evidenced using the Evaluation Report template and retained on the relevant RFQ/RFT File in accordance with the Shire's RKP.<br><br>A Procurement Plan must also be completed and approved by the relevant Director prior to seeking quotes or approaching the market. The Procurement Plan must include the procurement methodology, market analysis, value for money considerations, evaluation criteria, identified risks and the rationale for the proposed procurement approach. The Procurement Plan is to be retained on the relevant RFQ/RFT file in accordance with the Shire's RKP. |

| **Purchase Value Threshold** *(ex GST)* | **Purchasing Practice** |
|---|---|
| Emergency Purchases<br>*(Within Budget)*<br>Refer to Clause 1.4.3 | Where goods or services are required for an emergency response and are within scope of an established Panel of Pre-qualified Supplier or existing contract, the emergency supply must be obtained from the Panel or existing contract using relevant unallocated budgeted funds.<br>If there is no existing Panel or contract, then clause 1.5.2(1) Supplier Order of Priority will apply wherever practicable.<br>However, where due to the urgency of the situation; a contracted or tender exempt supplier is unable to provide the emergency supply OR compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply. 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 best value and sustainable practice.<br>The rationale for policy non-compliance and the purchasing decision must be evidenced in accordance with the Shire's RKP. |
| Emergency Purchases<br>*(No budget allocation available)*<br>Refer for Clause 1.4.3 | Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the *Local Government Act 1995,* the Shire President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.<br>The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next ordinary Council Meeting.<br>The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply. |
| LGIS Services<br>Section 9.58(6)(b)<br>Local Government Act | The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the *Local Government Act 1995* and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS. Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy.<br>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required. |

### 1.5.3 Other Purchasing Exemptions

In addition to the regulatory Tender exemptions for purchasing as set out in Regulation 11(2) of the of the Functions and General Regulations, the following are further exemptions where the Shire is not required to undertake a competitive purchasing process;

(a) Advance / Prior Payment of Services (for example: accommodation, travel services, entertainment, conferences, seminars, training courses);

(b) Annual Memberships / Subscriptions (new and existing);

(c) Annual Service / Software licensing and Maintenance / Support Fees (new and existing);

(d) Employment of temporary staff through temporary personnel service agencies (CEO approval required for any contract exceeding or extended beyond three (3) months);

(e) Position vacancy job boards and online employment platforms (for example: Seek).

(f) Insurance excess;

(g) Replacement of asset/item following confirmed LGIS Insurance claim, when replacing like for like;

(h) Motor vehicle licensing and registration;

(i) Postage;

(j) Pre-employment medicals and staff medical services (for example: Annual flu immunisation program)

(k) Purchases from Original Equipment Manufacture (OEM's) and where warranty provisions may be voided;

(l) Talents acts for community events;

(m) Advertising – Newspaper required for public notice (for example: Tenders in The West Australian, Broome Advertiser);

(n) Advertising – State Government Gazette (for example: Local Laws, Planning Notices); or

(o) Purchasing as required and determined by the CEO or Director providing the approval is provided in writing prior to the purchase and attached to the requisition;

### 1.5.4 Emergency Purchases

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; 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 *F&G Reg. 11(2)*(a); OR

(c) A State of Emergency declared under the *Emergency Management Act 2005* and therefore, *F&G Reg. 11(2)(aa), (ja(iii)) and (3)* apply to vary the application of this policy.

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.

### 1.5.5 Inviting Tenders Though Not Required to do so

The Shire may determine to invite Public Tenders, despite the estimated Purchase Value being less than the $250,000 prescribed tender threshold, but only where an assessment determines that the purchasing requirement cannot be met through a tender exempt arrangement and the use of a public tender process will enhance; value for money, efficiency, risk mitigation and sustainable procurement benefits.

In such cases, the tender process must comply with the legislative requirements and the Shire's tendering procedures *[F&G Reg.13]*.

### 1.5.6 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process *[F&G Reg.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.

### 1.5.7 Unique Nature of Supply (Sole Supplier)

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 only be approved where the:

(a) purchasing value is estimated to be over $5,000;

(b) purchasing requirement has been documented in a detailed specification;

(c) specification has been extensively market tested through a formal Expression of Interest process and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and

(d) market testing process and outcomes of supplier assessments have been evidenced in records, inclusive of a rationale for why the supply is determined as unique and why quotations / tenders cannot be sourced through more than one potential supplier.

An arrangement of this nature will only be approved for a period not exceeding three (3) years. For any continuing purchasing requirement, the approval must be adequately re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.

### 1.5.8 Anti-Avoidance

The Shire will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the 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.

If it is known to the Shire that there will be multiple purchases over a financial year with the same creditor, for the same/similar purchase, the Shire is to create a Standing PO. This may only be executed if it is known that the ongoing purchases will not exceed the threshold for a Request for Quote.

The creation of multiple Purchase Orders following a contract being awarded for contract administration, financial reporting or invoice management purposes does not constitute purchasing splitting, provided:

- the overall contract value remains unchanged;
- the supplier remains unchanged;
- the contract scope remains unchanged;

- the procurement outcome remains unchanged; and
- no purchasing threshold is avoided.

### 1.5.9 Contract Renewals, Extensions and Variations

Where a contract has been entered into as the result of a publicly invited tender process, then *F&G Reg. 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 Shire is required to review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

**(1) Purchase Order Variation**

Any proposed variation to a purchase order (PO) must be assessed to ensure it remains within the scope of the original procurement and complies with the thresholds and requirements of section 1.4.2 (2).

Prior to authorising a minor variation (10% or lower) of the total value, the responsible officer must confirm that the additional goods or services are directly related to the original purchase and that the revised total value does not exceed the procurement threshold requiring further quotes or a public tender. Where the variation exceeds the original approval limits or significantly alters the nature of the procurement, a revised procurement process may be required.

Variations exceeding 10% of the total value are to be reviewed to determine if a new procurement process is to be conducted. If it is found that a new procurement process cannot be conducted, a contract variation form must be completed with Director authorisation.

All variations must be documented and justified, including confirmation of budget availability and approval from the relevant Director. All relevant documents must be attached to the PO to ensure accurate tracking of expenditure and audit compliance.

Officers must ensure that any variation is consistent with the principles of value for money, transparency, and accountability as outlined in this policy.

# 2. Sustainable Procurement

The Shire is committed to implementing sustainable procurement by providing a preference to suppliers that demonstrate sustainable business practices (social advancement, environmental protection and local economic benefits).
The Shire will apply Sustainable Procurement criteria as part of the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes.
Sustainable Procurement can be demonstrated as being internally focused (i.e. operational environmental efficiencies or employment opportunities and benefits relating to special needs), or externally focused (i.e. initiatives such as corporate philanthropy).
Requests for Quotation and Tenders will include a request for Suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

## 2.1 Local Economic Benefit

The Shire promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers permanently located within its District first, and secondly, those permanently located within its broader region. As much as practicable, the Shire 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 (i.e. servicing and support);

(c) ensure that procurement plans, and analysis is undertaken prior to developing Requests to understand local business capability and local content availability where components of goods or services may be sourced from within the District for inclusion in selection criteria;

(d) 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;

(e) avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;

(f) consider the adoption of Key Performance Indicators (KPIs) within contractual documentation that require successful Contractors to increase the number of employees from the District first; and

(g) provide adequate and consistent information to local suppliers.

To this extent, a weighted qualitative criterion may be included in the selection criteria for Requests for Quotation and Tenders where suppliers are located within the boundaries of the Shire, or substantially demonstrate a benefit or contribution to the local economy.

The Shire has adopted a Regional Price Preference Policy, which may be applied when undertaking all purchasing activities over $10,000.

## 2.2 Socially Sustainable Procurement

The Shire 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 Shire's strategic and operational objectives.

A qualitative weighting may 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.

**(1) Aboriginal Businesses**

*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.
The Shire may 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 Shire.
Where the Shire 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.
If the contract value exceeds $50,000 (ex GST), a formal Request for Quotation may be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the Shire's RKP.

**(2) Australian Disability Enterprises**

*Functions and General Regulation 11(2)(i)* provides a tender exemption if the goods or services are supplied by an Australian Disability Enterprise.
The Shire may first consider undertaking a quotation process with other suppliers (which may include other Australian Disability Enterprises) to determine overall value for money for the Shire.
Where the Shire 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.
If the contract value exceeds $50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Australian Disability Enterprises. The rationale for making the purchasing decision must be recorded in accordance with the Shire's RKP.

## 2.3 Environmentally Sustainable Procurement

The Shire will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Shire's strategic and operational objectives.
Qualitative weighted selection criteria may be used in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:

(a) demonstrate policies and 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; and

(c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

# 3. Panels of Pre-qualified Suppliers

## 3.1 Objectives

The Shire may consider creating a Panel of Pre-qualified Suppliers ("Panel") when a range of similar goods and services are required to be purchased on a continuing and regular basis.

As per *F&G Reg. 24AB and 24AC*, part of the consideration of establishing a panel includes:

(a) there are numerous potential suppliers in the local and regional procurement related market sector(s) that satisfy the test of 'value for money';

(b) the Panel will streamline and will improve procurement processes; and

(c) the Shire has the capability to establish a Panel, and manage the risks and achieve the benefits expected of the proposed Panel through a Contract Management Plan.

## 3.2 Establishing and Managing a Panel

If the Shire decides that a Panel is to be created, it will establish the panel in accordance with the *F&G Division 3.*.

Panels may 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.

Panels may be established for a maximum of three (3) years. The length of time of a Local Panel is decided with the approval of the CEO/ Director.

Evaluation criteria will be determined and communicated in the application process by which applications will be assessed and accepted.

In each invitation to apply to become a pre-qualified supplier, the Shire will state the expected number of suppliers it intends to put on the panel.

If a Panel member leaves the Panel, the Shire will consider replacing that organisation with the next ranked supplier that meets/exceeds the requirements in the value for money assessment – subject to that supplier agreeing. The Shire will disclose this approach in the detailed information when establishing the Panel.

A Panel contract arrangement needs to be managed to ensure that the performance of the Panel Contract and the Panel members under the contract are monitored and managed. This will ensure that risks are managed and expected benefits are achieved. A Contract Management Plan should be established that outlines the requirements for the Panel Contract and how it will be managed.

## 3.3 Distributing Work Amongst Panel Members

To satisfy *F&G Reg.* 24AD(5), when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel will prescribe one of the following as to whether the Shire intends to:

(a) obtain quotations from each pre-qualified supplier on the Panel with respect to all discreet purchases; or

(b) purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or

(c) develop a ranking system for selection to the Panel, with work awarded in accordance with the *F&G Reg.*.

In considering the distribution of work among Panel members, the detailed information will also prescribe whether:

(a) each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; or

(b) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under *F&G Reg. 24AD(5)(f)* when establishing the Panel.

    i. The Shire will invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken.

    ii. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract.

    iii. Should the list of Panel members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Shire may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in clause 1.5.2(2) of this Policy.

    iv. When a ranking system is established, the Panel will not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

## 3.4 Purchasing from the Panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every Panel member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

## 3.5 Communications with Panel Members

The Shire will ensure clear, consistent and regular communication with Panel Members.

Each quotation process conducted via VendorPanel, including the invitation to quote, communications with Panel members, quotations received, evaluation of quotes and notification of award communications must all be made through VendorPanel.

# 4. Purchasing Policy Non-Compliance

The Purchasing Policy is mandated under the *Local Government Act 1995* and *F&G Reg.* 11A 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 Shire's policies and procedures.

If non-compliance with legislation, this Purchasing Policy or the Codes of Conduct, is identified it must be reported to the Chief Executive officer or the Manager Governance, Strategy and Risk.

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:

(a) an opportunity for additional training to be provided;

(b) a disciplinary matter, which may or may not be subject to reporting requirements under the *Public Sector Management Act 1994*; or

(c) 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*.

# 5. Record Keeping

All Local Government purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the Shire's RKP.

In addition, the Shire must consider and will include in each contract for the provision of works or services, the contractor's obligations for creating, maintaining and where necessary the transferal of records to the Shire relevant to the performance of the contract.

| **Document Control Box** | | | |
|---|---|---|---|
| **Document Responsibilities:** | | | |
| **Owner:** | Senior Procurement and Risk Officer | **Owner Business Unit:** | Corporate Services |
| **Reviewer:** | Manager Governance, Strategy and Risk | **Decision Maker:** | Council |
| **Compliance Requirements:** | | | |
| **Legislation:** | s.3.57 Tenders for providing goods and Services - *Local Government Act 1995*<br>Reg 11A - Purchasing policies for local governments - Local Government (Functions and General) Regulations 1996<br>Part 4A - Regional Price Preference - *Local Government (Functions and General) Regulations 1996* | | |
| **Industry:** | Department of Local Government, Sporting and Cultural Industries Guideline No.11 – Use of Corporate Credit Cards | | |

| Organisational: | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Document Management:** | | | | | | | |
| **Risk Rating**: | Medium | **Review Frequency**: | 3 Yearly | **Next Due:** | **6/2029** | **Records Ref:** | |

| Version # | Decision Reference: | Synopsis: |
|---|---|---|
| 1. | 15 March 2007 | OMC Initial Adoption |
| 2. | 28 May 2020 | Min C/0520/014 review and conversion to new format. |
| 3. | 30 June 2022 | Minute No. C/0622/060 |
| 4. | 16 November 2023 | Council Policy Review – Minute Number. C/1123/041 |
| 5. | 28 August 2025 | Council Policy Review – Minute Number C/0825/033 |
| 6. | 28 October 2026 | Reviewed. Adopted by Council OMC 28 October 2026 Resolution C/1026/008 |

## Appendix One

## Public Notice Requirements

The Shire will adhere to any public notice requirements set out in the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996 and Local Government (Administration) Regulations 1996.*

*As a guide:*

| | |
|---|---|
| **Local Public Notice** | **1. Published on the official website of the local government; and**<br>**2. At least 3 of the ways prescribed below:**<br>(a) publication in a newspaper circulating generally in the State (The West Australia);<br>(b) publication in a newspaper circulating generally in the district (Broome Advertiser);<br>(c) publication in 1 or more newsletters circulating generally in the district;<br>(d) publication on the official website of the Department or another State agency, as appropriate having regard to the nature of the matter and the persons likely to be affected by it;<br>(e) circulation by the local government by email, text message or similar electronic means, as appropriate having regard to the nature of the matter and the persons likely to be affected by it; Local Government (Administration) Regulations 1996 Part 1A Public notices r. 3B page 4 Official Version As at 19 Oct 2023 Published on www.legislation.wa.gov.au [PCO 03-q0-00]<br>(f) exhibition on a notice board at the local government offices and each local government library in the district; or<br>(g) posting on a social media account administered by the local government. |
| **Statewide Notice** | **1. Published on the official website of the local government; and**<br>**2. Publication:**<br>(a) **In a newspaper circulating generally in the State** (The West Australian); **or**<br>(b) **On the official website of the Department or another State agency**, as appropriate having regard to the nature of the matter and the persons likely to be affected by it.<br>**3. At least 3 of the following:**<br>(a) publication in a newspaper circulating generally in the district (Broome Advertiser);<br>(b) publication in 1 or more newsletters circulating generally in the district;<br>(c) circulation by the local government by email, text message or similar electronic means, as appropriate |

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|---|---|
| | having regard to the nature of the matter and the persons likely to be affected by it; Local Government (Administration) Regulations 1996 Part 1A Public notices r. 3B page 4 Official Version As at 19 Oct 2023 Published on www.legislation.wa.gov.au [PCO 03-q0-00]<br>(d) exhibition on a notice board at the local government offices and each local government library in the district; or<br>(e) posting on a social media account administered by the local government. |
| **Tender, EOI, Panel of Pre-Qualified Suppliers Minimum Submission Time Period** | The time allowed for submitting applications for Tender, EOI or Panel of Pre-Qualified Suppliers shall be for a **minimum of 20 days** after the published date of the advertising. This time does not include the open or close date, Public Holidays and weekends.<br>Where multiple advertising is required for a public notice the advertisement time allowed for submission shall commence from the later of the published dates of the advertisement.<br>*As an example, if the public notice is advertised in The West Australian on the Saturday 10 October and then the Broome Advertiser on Thursday 15 October the minimum time for submission would commence for 20 days from the 16 October.* |
| **Request for Quote Minimum Submission Time Period** | No minimum time allowed for submitting applications required, however, best practice would be for a **minimum of 20 days**. |