

POLICY NO.	2.6		
POLICY	Procurement and Disposal		
POLICY OWNER	Deputy Chief Executive Officer		
APPROVAL DATE	15 September 2021	Resolution No.	107/2021
NEXT REVIEW	July 2025		

1. POLICY OBJECTIVE

1.1. Introduction

1.1.1. The purpose of this Policy is to demonstrate the Shire of Wiluna's (the "Shire") commitment to delivering leading practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance in accordance with the *Local Government Act 1995* (the "Act") and the *Local Government (Functions and General) Regulations 1996* ("the Regulations").

1.2. Objectives

1.2.1. The Council believes that overall policy must be underpinned by sound principles, which are well understood; communicated to the community and staff and is compliant with current legislation.

1.2.2. Council's objectives in establishing this Policy are to:

- a) Ensure compliance with the Act, associated Regulations, Codes of Practice, Standards, Council's Policies and the Shire's procedures.
- b) Ensure leading practice policies and procedures are followed in relation to the purchasing and disposal activities for the Shire of Wiluna.
- c) Undertake purchasing and disposal processes that ensure value for money for the Shire by delivering the most advantageous outcome possible.
- d) Ensure openness, transparency, fairness and equity through the competitive purchasing and disposal process to all potential suppliers and buyers therefore strengthening integrity, impartiality, consistency and confidence in the purchasing and disposal practices.
- e) Ensure efficient and consistent purchasing and disposal processes are implemented and maintained across the Shire.
- f) Ensure records evidence purchasing activities in accordance with the *State Records Act 2000* and associated records management practices and procedures of Shire.
- g) Foster economic development by maximising participation of local businesses in the delivery of goods and services.

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- h) Commit to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest.
- i) Ensure purchasing outcomes contribute to efficiencies (time and resources) for the Shire of Wiluna
- j) Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the Shire of Wiluna's Risk Management framework.
- k) Ensure confidentiality that protects commercial-in-confidence information and only releases information where appropriately approved.

2. POLICY STATEMENTS

2.1. Ethics and Integrity

2.1.1. Code of Conduct

- 2.1.1.1. All officers and employees of the Shire undertaking purchasing activities must have regard for the requirements contained in the Code of Conduct for Councillors, Committee Members and Staff (Employees) ("the Code of Conduct") and shall observe the highest standards of ethics and integrity.
- 2.1.1.2. All officers and employees of the Shire must act in a manner which is honest and professional and supports the standing of the Shire at all times.

2.1.2. Purchasing Principles

- 2.1.2.1. 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:
 - a) 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.
 - b) All purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire's policies and Code of Conduct.
 - c) Purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently.

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- d) All prospective suppliers and vendors will have the same information about the procurement to enable them to submit prices, quotations and Tenders on the same basis. Council must adequately test the market in a consistent manner without any bias, or perception of bias, so that potential suppliers and the public have confidence in the outcome.
- e) All processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation.
- f) Council Officials must avoid situations where their private interests' conflict with their Council procurement or disposal duties. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.
- g) Any information provided to the Shire by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.
- h) Council Officials must not by virtue of their position solicit, accept or acquire for any personal advantage, any gift or benefit from contractors or suppliers, both current and potential, or their representatives.

2.2. Value for Money

- 2.2.1. Value for money is an overarching principle governing purchasing which allows the best possible outcome to be achieved for the Shire. It is important to note that compliance with the purchasing specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks.
- 2.2.2. An assessment of the best value for money outcome for any purchasing process should consider:
 - 2.2.2.1. All relevant Total Costs of Ownership (TCO) and benefits including; transaction costs associated with acquisition, delivery, distribution, and other costs such as, but not limited to; holding costs, consumables, deployment, training, maintenance and disposal.
 - 2.2.2.2. The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality. This includes but is not limited to an assessment of compliances, the supplier's resource availability, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies and response times, ease of inspection and maintenance, ease of after sales service, ease of communications, etc.

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- 2.2.2.3. The supplier's financial viability and capacity to supply without the risk of default, including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history.
- 2.2.2.4. A strong element of competition by obtaining a sufficient number of competitive quotations consistent with this Policy, where practicable.
- 2.2.2.5. 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.
- 2.2.2.6. 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 Council Policy including Council's Regional Price Preference Policy – 2.7.
- 2.2.2.7. Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.

2.3. Purchasing Thresholds and Practices

2.3.1. Defining the Purchasing Value

- 2.3.1.1. 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.
 - 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.
- 2.3.1.2. A **category of supply** can be defined as groupings of similar goods or services with common: supply and demand drivers; market characteristics; or suppliers.

2.3.1.3. Strategic Purchasing Value Assessments

- a) 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.

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- b) 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.

2.3.1.4. Individual Purchasing Value Assessments

- a) In any case, where there is no relevant current contract, each purchasing activity is to assess the Purchasing Value based upon the following considerations:
 - i. Exclusive of Goods and Services Tax (GST); and
 - ii. 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.
 - iii. 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.
 - iv. Requirements must not be split to avoid purchasing or Tendering thresholds [F&G Reg. 12].
 - v. The calculated estimated Purchasing Value will determine the applicable threshold and purchasing practice to be undertaken.

2.3.1.5. Any purchasing activity must be undertaken in accordance with the Shire officer's sub-delegated purchasing authority limit as approved by the Chief Executive Officer and outlined in the sub-delegation register.

2.3.1.6. In some cases, suppliers may not respond to a request for quotation. In this instance, Shire officers must provide documentation to demonstrate their attempt to source the required number of quotations as outlined in Table A, however non-responses should not delay any purchasing activity unless it would be considered inappropriate to proceed.

2.4. Purchasing Thresholds and Policy Requirements

2.4.1. The Purchasing Value, assessed in accordance with clause 2.3, determines the Purchasing Practice to be applied to the Shire's purchasing activities.

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Table A

Purchase Value Threshold (ex GST)	Policy Requirements	
	Quotations	Conditions
Up to \$1,500 (ex GST)	No quotations required.	<p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>Officers must ensure that they use their professional knowledge and expertise in the purchasing process.</p>
Over \$1,500 and up to \$10,000 (ex GST)	<p>Two (2) written quotations.</p> <p>OR</p> <p>If purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.</p>	<p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Seek at least two (2) quotations either in writing or using VendorPanel eQuotes, from suitable suppliers except if purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, where a minimum of one (1) written quotation is to be obtained.</p> <p>The purchasing decision is to be evidenced in accordance with the Shire's Record Keeping Plan.</p>
Over \$10,000 and up to \$50,000 (ex GST)	<p>Three (3) written quotations.</p> <p>OR</p> <p>If purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.</p>	<p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Seek at least three (3) quotations either in writing or using VendorPanel eQuotes from suitable suppliers except if purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, where a minimum of one (1) written quotation is to be obtained.</p> <p>OR</p>

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Purchase Value Threshold (ex GST)	Policy Requirements	
	Quotations	Conditions
		<p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • a brief outline of the specified requirement for the goods; services or works required; and • Value for Money criteria, not necessarily the lowest price. <p>The purchasing decision is to be evidenced in accordance with the Shire's Record Keeping Plan.</p>
From \$50,001 and up to \$250,000 (ex GST)	<p>Three (3) written quotations.</p> <p>OR</p> <p>If purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, a minimum of one (1) written quotation is to be obtained.</p>	<p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Seek at least three (3) quotations either in writing or using VendorPanel eQuotes, from suitable suppliers except if purchasing from a WALGA PSA, CUA or other Tender exempt arrangement, where a minimum of one (1) written quotation is to be obtained.</p> <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • a detailed specification for the goods, services or works required; and • pre-determined selection criteria that assess all best and sustainable value considerations with predetermined weightings. <p>The purchasing decision is to be evidenced using the Evaluation Report template retained in accordance with the Shire's Record Keeping Plan.</p>

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Purchase Value Threshold (ex GST)	Policy Requirements	
	Quotations	Conditions
Over \$250,000 (ex GST)	Tender procedures apply.	<p>Tender Exempt arrangements (i.e. WALGA PSA, CSU, or other Tender exemption under <i>F&G Reg.11(2)</i>) require at least three (3) written responses from suppliers by invitation, unless a Schedule of Rates is known and the scope of works is well understood, then a minimum of one (1) written response is required.</p> <p><u>OR</u></p> <p>Public Tender undertaken in accordance with the <i>Local Government Act 1995</i> and relevant Council Policy and procedures.</p> <p>The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers response to:</p> <ul style="list-style-type: none"> • A detailed specification of the goods, services or works required; and • Pre-determined selection criteria that assesses all best and sustainable value considerations, with predetermined weightings. <p>The purchasing decision is to be evidenced using the Evaluation Report template retained in accordance with the Shire's Record Keeping Plan.</p> <p>In all instances, Council's <i>Regional Price Preference Policy – 2.6</i> is to be applied*.</p>
Emergency Purchases (Within Budget) Refer to Clause 2.5		<p>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.</p> <p>However, where due to the urgency of the situation; a contracted or Tender exempt supplier is unable to provide the emergency supply <u>OR</u> compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier</p>

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Purchase Value Threshold (ex GST)	Policy Requirements	
	Quotations	Conditions
		<p>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.</p> <p>The rationale for policy non-compliance and the purchasing decision must be evidenced in accordance with the Shire's Record Keeping Plan.</p>
<p>Emergency Purchases (No budget allocation available)</p> <p>Refer to Clause 2.5</p>		<p>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 Shire President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.</p> <p>The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next ordinary Council Meeting.</p> <p>The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply.</p>
<p>LGIS Services</p> <p>Section 9.58(6)(b)</p> <p><i>Local Government Act</i></p>		<p>The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the <i>Local Government Act 1995</i> 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.</p> <p>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required.</p>

* Does not apply to procurement sourced through a CUA.

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2.5. Emergency Purchases

2.5.1. The Emergency purchases are defined as the supply of goods or services associated with:

- 2.5.1.1. 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
- 2.5.1.2. 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
- 2.5.1.3. A State of Emergency declared under the Emergency Management Act 2005 and therefore, *Local Government (Functions and General Regulations 11(2)(aa), (ja) and (3)* apply to vary the application of this Policy.
- 2.5.1.4. 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.

2.6. Exemptions Relating to Policy Requirements for Quotations

2.6.1. The In addition to the regulatory Tender exemptions for purchasing as set out in Regulation 11.2 of the *Local Government (Functions and General Regulations* and this Policy, the following are further exemptions where the Shire is not required to undertake a competitive purchasing process and only where the total value of the purchase does not exceed \$250,000 (ex GST):

- 2.6.1.1. Procurement of particular goods or services:
 - a) An emergency situation as defined by the Act.
 - b) For the supply of perishable goods and/or catering services which for practical purposes need to be sourced locally.
 - c) Utilities; including telephone, internet, electricity, water and gas (including Chlorine gas).
 - d) Software license fees.
 - e) Freight.
 - f) Department of Land Information on-line transactions.
 - g) Motor Vehicle Licensing and Registration.

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- h) Postage.
- i) Insurance excess.
- j) Australian Standards Licensing with SAI Global.
- k) Annual memberships/subscriptions.
- l) Flights.
- m) Staff training.
- n) Conference registration fees.
- o) Employment of temporary staff members through temporary personnel service agencies.
- p) Salary Sacrifice arrangements.
- q) Advertising.
- r) Pre-employment medicals and staff medical programs (example; annual flu vaccination program).
- s) Legal services.
- t) For artists, musicians, and celebrities where the uniqueness of the supplier's talent is the essence of the contract.
- u) The goods or services are being purchased, supplied by or obtained through the State or Commonwealth government (or any of its agencies) or a local government.
- v) Goods and Services provided by a WALGA Business Service.
- w) Goods and Services provided by LGIS.
- x) Servicing, repairs and required consumables associated with Original Equipment Manufacturers.
- y) Motor vehicle or plant repairs that are identified as part of a service or pre-arranged repair works.
- z) Purchases which are necessary to not void warranty provisions.
- aa) Purchases from plant and / or equipment authorised dealers.
- bb) Website maintenance and content management services where the supplier is the builder and/or host of the website.
- cc) For IT Support and Security System Support services where the supplier is the Shire's principal IT Support or Security System supplier.
- dd) Supplier credit check reports.

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ee) For software support where the supplier is the owner or franchised agent for the particular software concerned.

2.6.1.2. Corporate Credit Card or Corporate Fuel Card purchases up to the value of \$1,000 (GST exclusive).

2.6.1.3. Petty Cash purchases up to the value of \$200 (GST exclusive).

2.7. Inviting Tenders Though not Required to do so

2.7.1. Where considered necessary, Council may consider calling public Tenders in lieu of undertaking a request for quotation for purchases under the \$250,000 threshold (excluding GST).

2.7.2. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements and also whether the purchasing requirement can be met through preferred suppliers.

2.7.3. If a decision is made to undertake a public Tender for contracts of less than \$250,000, a Request for Tender process entailing all the procedures for Tendering outlined in Council's Procurement Process and the legislation must be followed in full.

2.8. Expressions of Interest

2.8.1. Expressions of Interest (EOI) will be considered as a prerequisite to a Tender process in accordance with the *Local Government (Functions and General) Regulations 1996* 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.

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

2.9. Unique Nature of Supply (Sole Supplier)

2.9.1. Where the purchasing requirement is over the value of \$1,500 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a Tender or quotation process.

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- 2.9.2. This is only permitted in circumstances where the Shire is satisfied and can evidence that there is only one source of supply for those goods, services or works.
- 2.9.3. The Shire must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the Chief Executive Officer or the Deputy Chief Executive Officer, prior to a contract being entered into.
- 2.9.4. The application of the “Sole Source of Supply” provision should only occur in limited cases and procurement experience indicates that generally not more than one supplier is able to provide the required goods and/or services.

2.10. Additional Procedural Thresholds

2.10.1. To ensure a leading practice approach to purchasing activity for the Shire, the following additional procedural thresholds are recommended:

Purchase Value Threshold (ex GST)	Pre-Purchasing Actions	Post Purchasing Closing Actions	Assessment Timeframe	Evaluation Panel
Over \$250,000 and less than \$1,000,000 (ex GST)	1. Optional site briefing	In accordance with statutory requirements	Up to 3 weeks	Two (2) Shire Officers and the Chief Executive Officer (CEO) or Deputy Chief Executive Officer (DCEO), or either the CEO or DCEO and an external consultant
Over \$1,000,000 and less than \$5,000,000 (ex GST)	1. Compulsory site briefing (depending on complexity of goods/services to be procured) 2. Business / Operational Plan required 3. Peer review of design / specification including sign off* 4. Project Manager engaged (optional) 5. Tender Evaluation Plan 6. Asset Management Plan (where relevant)	In accordance with statutory requirements	Up to 5 weeks	Two (2) Shire Officers and the Chief Executive Officer (CEO) or Deputy Chief Executive Officer (DCEO), or either the CEO or DCEO and an external consultant

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Purchase Value Threshold (ex GST)	Pre-Purchasing Actions	Post Purchasing Closing Actions	Assessment Timeframe	Evaluation Panel
Over \$5,000,000 and less than \$10,000,000 (ex GST)	As above, and: 1. Legal advice on tender documents prior to distribution (dependent upon complexity of goods/services to be procured) 2. Engagement of probity advisor 3. External Project Manager engaged (optional) 4. Quantity Surveyor engaged (optional)	1. In accordance with statutory requirements 2. Interviews with Tenderers 3. Quarterly QS approval of works undertaken prior to payment approval (optional) 4. Legal advice on Tender contract prior to execution (dependent upon the complexity of goods/services to be procured)	Up to 6 weeks	Two (2) Shire Officers and the Chief Executive Officer (CEO) and Deputy Chief Executive Officer (DCEO), or the CEO and DCEO and an external consultant
Over \$10,000,000	As above, and: 1. Legal advice on Tender documents prior to distribution is mandatory 2. External Project Manager engagement is mandatory 3. Quantity Surveyor engagement is mandatory	As above, and 1. Monthly QA approval of works prior to payment approval is required	Up to 8 weeks	Two (2) Shire Officers and the Chief Executive Officer (CEO) and Deputy Chief Executive Officer (DCEO), or the CEO and DCEO and an external consultant

*Does not apply to Design and Construct or Schedule of Rates Tenders

2.11. Anti-Avoidance

2.11.1. 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.

2.11.2. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

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2.11.3. This section of the Policy shall not be interpreted as meaning that separate purchase order transactions are prohibited where the supply of goods and/or services are genuinely separate procurements for separate jobs or separate “as required” instances of supply as might occur (by way of example but not by way of limitation) in relation to periodic orders for trades for maintenance purposes or for the supply of stationery, provided that the required number of quotes are sought on each occasion in accordance with this Policy.

2.12. Contract Renewals, Extensions and Variations

2.12.1. Where a contract has been entered into as the result of a publicly invited tender process, then Regulation 21A of the *Local Government (Functions and General) Regulation 1996* applies.

2.12.2. 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 change the scope of the contract; or 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.

2.12.3. 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.

2.13. Local Economic Benefit

2.13.1. 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 develop 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

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- 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.

2.13.2. To this extent, the Shire has adopted a Regional Price Preference Policy, which will be applied when undertaking purchasing activities related to Requests for Tenders.

2.14. Socially Sustainable Procurement

2.14.1. 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.

2.14.2. 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 Tender exemptions are not exercised.

2.14.2.1. Purchasing From Aboriginal Businesses

- a) *The Local Government Functions and General Regulations 1996*, 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 Shire will first consider undertaking a quotation process with other suppliers (which may include other registered Aboriginal Businesses as noted in the Regulation to determine overall value for money for the Shire.
- c) 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.
- 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 Shire's Record Keeping Plan.

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2.14.2.2. Purchasing From Australian Disability Enterprises

- a) *The Local Government Functions and General Regulations 1996, Regulation 11(2)(h)* provides a Tender exemption if the goods or services are supplied by an Australian Disability Enterprise.
- b) The Shire 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 Shire.
- c) Where the Shire makes a determination to contract directly with an Australian Disability Enterprise for any 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.
- d) If the contract value exceeds \$50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Australian Disability Enterprise. The rationale for making the purchasing decision must be recorded in accordance with the Shire's Record Keeping Plan.

2.15. Panels of Pre-Qualified Suppliers

2.15.1. Policy Objective

2.15.1.1. 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 Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis
- b) The purchasing activity under the intended Panel is assessed as being of a low to medium risk
- c) The Panel will streamline and will improve procurement processes; and the Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.
- d) The Shire will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

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2.15.2. Establishing and Managing a Panel

2.15.2.1. 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) Should the Shire determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations 1996*.
- b) Panels may be established for one supply requirement or a number of similar supply requirements under defined categories within the Panel.
- c) Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Shire.
- d) Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.
- e) In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a State-wide notice), the Shire must state the expected number of suppliers it intends to put on the panel.
- f) Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

2.15.3. Distributing Work Amongst Panel Members

2.15.3.1. 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 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 Regulations.

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2.15.3.2. 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 Functions and General Regulation 24AD(5)(f) when establishing the Panel.
- c) 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.
- d) 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.
- e) 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 this Policy.
- f) When a ranking system is established, the Panel will not operate for a period exceeding 12 months.

2.15.3.3. 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.

2.15.4. Purchasing From the Panel

2.15.4.1. 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 member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

2.15.4.2. Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications must all be captured on the Shire's records system.

2.15.4.3. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

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2.16. Communications with Panel Members

- 2.16.1. The Shire will ensure clear, consistent and regular communication with Panel Members.
- 2.16.2. Each quotation process, including the invitation to quote, communications with Panel members, quotations received, evaluation of quotes and notification of award communications must all be captured in accordance with the Shire's Record Keeping Plan.
- 2.16.3. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

2.17. Disposal Program

- 2.17.1. Council will establish and maintain a disposal program for items such as vehicles, plant and computing equipment that is adopted by Council and forms part of the Long Term Financial Plan.
- 2.17.2. Council aims to achieve the best value for money for each disposal and will seek opportunities to achieve sale proceeds above Council's written down value for the asset, which must be confirmed with the Finance team.

2.17.3. Disposal Methods

- 2.17.3.1. The method of disposal is to be appropriate to the nature, quantity and location of the goods and should promote fair and effective competition to the greatest extent possible. Factors to be considered include:
- The likely market available for the goods.
 - Time considerations.
 - Shire resources required to manage the disposal.
 - Costs associated with the disposal such as transport, administration, storage, etc.
 - Perceived benefits from the disposal.
 - Whether the goods are of a heritage or hazardous nature or of polluting substances.
- 2.17.3.2. Council will not dispose of goods by gift or donation under any circumstances, including charities and other organisations.
- 2.17.3.3. Any disposal of property must be considered in accordance with the requirements of Section 3.58 of the *Local Government Act 1995*.

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2.18. Record Keeping

- 2.18.1. All Local Government purchasing and disposal activities, communications and transactions must be evidenced and retained as local government records in accordance with the State Records Act 2000 and the Shire's Record Keeping Plan.
- 2.18.2. 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 transferral of records to the Shire relevant to the performance of the contract.

2.19. Purchasing Policy Non-Compliance

- 2.19.1. The Procurement and Disposal Policy is mandated under the Local Government Act 1995 and Regulation 11A of the Local Government (Functions and General) Regulations 1996 and therefore the Policy forms part of the legislative framework in which the Shire is required to conduct business.
- 2.19.2. 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.
- 2.19.3. 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.
- 2.19.4. If non-compliance with legislation, this Procurement and Disposal Policy or the Code of Conduct, is identified it must be reported to the Chief Executive officer or the Deputy Chief Executive Officer.
- 2.19.5. 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.
- 2.19.6. Where a breach is substantiated it may be treated as:
- an opportunity for additional training to be provided
 - a disciplinary matter, which may or may not be subject to reporting requirements under the Public Sector Management Act 1994
 - 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*.

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3. STRATEGIC OBJECTIVE

3.1. This Policy aligns to the following strategic objective:

	<p><i>Deliver strong leadership and governance</i></p>
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4. DEFINITIONS

Shire	Means the Shire of Wiluna
Act	Means the <i>Local Government Act 1995</i>
Authorising Officer	Is a Shire of Wiluna employee who is registered in the sub-delegation register as authorised by the Chief Executive Officer to incur expenditure and claims for payment, within a specific monetary limit.
Conflict of Interest	A conflict of interest exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty.
Contract	Is a legally binding agreement between the Shire and another Party for the supply of goods and/or services. A Purchase Order is a contract.
CUA or Common User Agreement	Is a Department of Finance whole of government buying arrangement that is available to approved local governments.
Deduction	Includes a fixed amount or percentage that has been authorised to be subtracted from an employee's income.
Disposal	A disposal includes to sell, lease, or otherwise dispose of, whether absolutely or not.
Expression of Interest (EOI)	An Expression of Interest is used to shortlist potential suppliers before then seeking detailed bids from the shortlisted Tenderers through an RFQ or RFT process.
Grant	Is a sum of money given by the Shire of Wiluna to an eligible recipient (grantee) for a particular purpose following an application and assessment process.
Preferred Supplier	Is a supplier appointed to a WALGA Preferred Supplier Panel or State Government Common Use Arrangements (where local government access is permitted).

4. DEFINITIONS	
Pre-Qualified Supplier Panel	Is a panel of suppliers who have been appointed for the supply of goods and / or services following a public Tender process by the Shire of Wiluna.
Property	Property includes the whole or any part of the interest of a local government in property, but does not include money.
Purchase	Is the acquisition of a good or service to achieve Council business and is inclusive of purchasing, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, services equipment and related services, construction and service contracts. A purchase is not a Reimbursement, a transfer to another organisation of a Deduction, a Refund, a Grant or Sponsorship.
Refund	Is a repayment of a sum of money.
Reimbursement	Is a repayment of funds that have been expended by an employee undertaking business on behalf of the Shire of Wiluna.
Request for Proposal (RFP)	A Request for Proposal is a document that solicits proposals, often made through a bidding process, by the Council to potential suppliers, which is followed by an RFQ or an RFT process.
Request for Quotation (RFQ)	A Request for Quotation is a process with the purpose of inviting suppliers into a bidding process to bid on specific products or services.
Request for Tender (RFT)	A Request for Tender is a process which is a formal, structured invitation to suppliers to submit a bid to supply products or services.
Requisitioning Officer	Is a Shire of Wiluna employee who has Shire system access to raise a purchase requisition. This employee will not necessarily have purchasing authority, in which case, the requisition, and associated documentation is forwarded to an Authorising Officer for consideration.
Tender	Includes prices, bids, quotations and consultant proposals and means the lodgement of a Tender response containing all requested information and accompanying documentation.
Tender Threshold	The amount in dollars as determined and published in the <i>Local Government Act 1995</i> or associated Regulations.
Term Contract	Is a Contract with a supplier for the supply of goods and / or services for a predetermined period of time.

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4. DEFINITIONS

VendorPanel eQuotes	Is the Shire’s web-based procurement tool for seeking Request for Quotations, Public Tenders and WALGA Preferred Supplier Panels.
WALGA Preferred Supplier Panel	Is a panel of suppliers for the supply of goods and / or services which has been established for local government use.
Local Supplier	Is a supplier located within the Shire of Wiluna.

5. LEGISLATION

5.1. Local Government Act 1995

- Section 3.57 – Tenders for providing goods and services
- Section 3.58 – Disposing of property

5.2. Local Government (Functions and General) Regulations 1996

- Part 4 – Provision of goods and services
- Division 1 – Purchasing policies
- Division 2 – Tenders for providing goods or services
- Division 3 – Panels of pre-qualified suppliers
- Part 4A – Regional price preference

6. RELATED COUNCIL POLICIES

Policy 2.7 – Regional Price Preference

Policy 2.16 – Payment of Accounts

Policy 2.28 – Project Planning and Delivery

Policy 7.5 – Disciplinary Policy

Policy 2.41 – Corporate Credit Cards

7. RELATED ORGANISATIONAL DIRECTIVES

- Code of Conduct for Councillors, Committee Members and Staff (Employees)

8. RELATED DOCUMENTS

- Shire of Wiluna Record Keeping Plan

REVIEW PERIOD		Every 4 years	
VERSION CONTROL	DATE	APPROVAL BY COUNCIL OR UNDER DELEGATION	MINUTE NUMBER:
1	15 September 2021	Council	107/2021

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