Policy

Procurement

Policy Type

Council

Policy Purpose

The Procurement Policy provides clear direction and guidance to ensure consistent, efficient and accountable procurement that supports the City's strategic objectives. It promotes value for money, effective competition, and sustainable economic, social and environmental outcomes. The Policy reinforces ethical conduct, transparency and probity ensuring compliance with the *Local Government Act 1995 (WA)*, and the *Local Government (Functions and General) Regulations 1996 (WA)* across the procurement lifecycle.

Policy Statement

The City is committed to applying the principles and practices outlined in this Policy to all procurement activities, ensuring consistency with its strategic and operational objectives. The City's Code of Conduct applies to procurement activities and decision making, requiring Council Members and employees to observe the highest standards of ethics and integrity and to act honestly and professionally at all times.

This Policy outlines the overarching governance requirements and is supported by the Procurement Framework and Contract Management Framework, as internal operational guidelines to support implementation.

1 Procurement Principles

The City will apply the following procurement principles to guide all procurement activities and ensure compliance with legislative requirements, probity standards and the City's strategic objectives:

a) Value for Money – Procurement processes will deliver value for money over the full lifecycle, considering cost, quality, risk and sustainable outcomes.

b) Accountability and Transparency – All procurement activities will demonstrate responsible, transparent and ethical use of public funds, with decisions able to withstand audit and public scrutiny.

c) Fair and Competitive Process – Procurement processes will be fair, impartial, and competitive, and proportionate to the value, risk and complexity of the requirement.

d) Compliance and Good Governance – Procurement processes will be conducted in accordance with applicable legislation, policies, delegations and audit requirements to ensure sound governance and decision making.

e) Risk Management and Record Keeping – Procurement decisions will be supported by risk assessment and documented to ensure transparency, auditability and compliance with record keeping obligations.

f) Confidentiality and Ethical Conduct – Supplier information will be treated confidentially, and conflicts of interest will be identified, declared and managed to maintain integrity and trust in procurement processes.

1.1 Value for Money (VFM)

Value for money is the overarching principle governing procurement, enabling the City to achieve the most advantageous outcome by considering both cost and non-cost factors over the life cycle of the procurement. The City recognises that the lowest priced offer does not necessarily represent the best value. Compliance with the procurement specification is paramount, particularly regarding end user requirements, quality standards, sustainability, whole-of-life costs, and service benchmarks.

1.2 Sustainable Procurement

The City is committed to sustainable procurement that supports environmental protection, upholds ethical and responsible business practices, and delivers positive social and economic outcomes for the community. Sustainable procurement principles must be embedded in all procurement activities from the earliest stage of the procurement lifecycle through to contract management. Quotes will be assessed against the following principles:

- Reduced energy consumption across goods, services, and works
- Reduced waste generation and promoting waste avoidance
- Reduced greenhouse gas emissions
- Increased use of recycled and recyclable materials
- Avoiding harmful or hazardous substances
- Increased end-of-life reuse, recovery, or recycling options
- Use of ethically produced materials and services
- Supporting social enterprises and other suppliers that deliver community benefits

Sustainable procurement considerations will be included in qualitative evaluation processes, with a weighting applied to support value for money outcomes.

1.3 Social Procurement

The City supports engagement with Aboriginal and Torres Strait Islander businesses and Australian Disability Enterprises (ADEs) in accordance with regulations 11(2)(h) and 11(2)(i) of the Local Government (Functions and General) Regulations 1996. If these businesses clearly demonstrate capability and value for money, the City may seek their participation, including direct contracting, as permitted under those regulations. The City will use recognised directories (eg: Aboriginal Business Directory WA, Supply Nation) to identify such businesses.

1.4 Local Economic Benefit

The City actively seeks to engage local and regional businesses located within the Perth South West Metropolitan Alliance, provided such participation is consistent with value for money, fair competition and the City's strategic objectives.

Procurement activities may include local economic benefit as an evaluation factor when feasible, such as considering opportunities for local employment, subcontracting to local businesses, and broader regional involvement.

1.5 Ethical Sourcing

The City is committed to ethical and responsible procurement that respects human rights. This includes expecting fair labour practices, responsible sourcing of materials, and taking proportionate steps to manage supply chain risks (like modern slavery) in line with the Modern Slavery Act 2018. These considerations will be built into procurement planning and supplier evaluation, with detailed requirements in our contracts and Statement of Business Ethics.

2 Procurement Requirements

The City will undertake procurement activities using competitive processes commensurate with the value, risk, and complexity of the procurement.

2.1 Procurement from Existing Contracts

Where the City has an existing contract, employees should source required goods or services through that contract, if it is within its scope. Employees must not use an existing contract to avoid the tender threshold or City's procurement requirements, including by extending its value or term, unless expressly permitted by this Policy or legislation. Employees must consult the Contracts Register before seeking new quotes and/or tenders.

2.2 Procurement Source

Quotations for the supply of goods, services and works not subject to public tender should be sought from local and regional suppliers. If no suitable local or regional suppliers exist, the City must consider other authorised sources, such as:

- Western Australian Local Government Association Preferred Supplier Program (WALGA PSP); or
- State or Commonwealth Common User Arrangement (CUA); or
- Aboriginal owned business; or
- Australian Disability Enterprise; or
- Open market suppliers.

2.3 Procurement Planning

All procurement activities must be planned effectively to ensure they are fit-for-purpose, comply with legislative and policy requirements, and support the City's objectives. Planning must occur as early as possible and include cross-team collaboration to identify and manage requirements, risks and constraints. As part of planning, officers must engage relevant internal stakeholders early to inform scope, specifications, evaluation criteria and contract requirements. This includes (but is not limited to):

- Disability Access and Inclusion - Ensure equitable access to facilities, services, and information for people with disability.
- Digital Assets - Procurement of digital/IT assets and services must be vetted and approved by the relevant Communication, Marketing, IT, or Business Systems service unit.
- Building/ Planning/Health Approvals – Procurement involving works or activities that may trigger statutory approvals must be referred to Planning, Building Services, and/or Public Health.
- Sustainability – Identify opportunities to support the City's sustainability principles, including environmental, social, ethical, and economic outcomes.
- Work Health and Safety (WHS) – Identify and manage WHS risks and ensure contractors meet all legislative obligations.

2.4 Procurement Risk

Procurement risk is the potential for internal or external factors to adversely impact value for money, service delivery, compliance, or the City's reputation at any stage of procurement. The City will adopt a structured, risk-based approach consistent with legislation and the Enterprise Risk Management Policy and Framework. Risks must be identified and assessed during procurement planning and managed proportionately to the procurements value, complexity and criticality of the procurement. Procurement risks must be actively monitored throughout the procurement lifecycle, with any necessary escalation, reporting and mitigation actions undertaken in line with the Procurement Framework and Contract Management Framework.

2.5 Anti Avoidance

In accordance with regulation 12(1), procurement activities for the same goods or services should be aggregated into a single process where this will achieve value for money and efficiency. Multiple procurement activities for the same goods or services must not be conducted with the intention of bypassing a procurement value threshold in Section 3.

3 Procurement Thresholds

The City will periodically review procurement activities to identify supply categories with ongoing demand that could be managed under consolidated contracts to achieve value for money and efficiency. The assessment of aggregated expenditure for goods or services that a single supplier could provide will determine the applicable procurement threshold for future procurements.

All procurement must be properly planned, documented, and undertaken in accordance with the Credit and Purchasing Card Policy and the Procurement Framework.

When determining the anticipated value of a procurement, the following must be considered:

a) the value is the actual or estimated total expenditure over the full term of the engagement, including any extensions or renewals.

b) for ongoing, repeated or related purchases of similar goods, services or works, consider the total expected expenditure over a minimum three-year period; and

c) all procurement activities must be approved by an officer with the appropriate purchasing authorisation or delegated authority before proceeding.

Table 1 outlines the requirements that apply to the City's procurement activities.

Threshold Value (Ex GST)	Sourcing requirement	Minimum number of quotations to be sought	Minimum Local/Regional quotations to be sought (if available)	Minimum number of quotations to be obtained	Threshold Requirements
Up to $1,999	Verbal or Written Quotation	1	1	1	• Low risk, Ad-hoc purchases only • Written quotations attached to the requisition otherwise it is considered a verbal quotation
$2,000 to $19,999	Written Quotation	1	1	1	• Written quotation attached to the requisition. • Evidence of the process to seek quotations must be attached to the requisition
$20,000 to $49,999	Written Quotations	2 OR 1 Pre-Qualified*	1	1	• Written quotations attached to the requisition. • Evidence of the process to seek quotations must be attached to the requisition
$50,000 to $99,999	Written Quotations or eProcurement Process (optional)	2	1	1	• Use of eProcurement in accordance with the Procurement Framework • Written quotations attached to the requisition. • Evidence of the process to seek quotations must be attached to the requisition
$100,000 to $249,999	eProcurement Process	3 OR 2 Pre-Qualified*	2	2	• Procurement Plan to be completed by the Business Unit in accordance with the Procurement Framework • Executed contract to be recorded in the Contract Management System • Written quotations attached to the requisition. • Evidence of the eProcurement process to seek quotations must be attached to the requisition or contract
$250,000 and above	Procurement & Contracts Facilitated Process	Public process or equivalent	Public process or equivalent	Public process or equivalent	• Procurement Plan to be completed by the Business Unit in accordance with the Procurement Framework • eProcurement process must be documented and approved in accordance with delegated authority. • Executed contract to be recorded in the Contract Management System

**Pre-Qualified means WALGA PSP, CUA or current City contracts (where a competitive process with qualitative assessment has occurred) refer to Procurement Framework.*

4 Exceptions to Procurement Requirements

4.1 Tendering Exemptions

a) Procurement activities above $250,000 (tender threshold), may be sourced through tender exempt arrangements as set out in regulation 11(2) of the Local Government (Functions and General) Regulations 1996 and must be authorised under the relevant delegated authority.

b) When conducting a tender exempt procurement, multiple quotations should be sought in accordance with the Procurement Framework, unless a waiver has been approved under section 4.4.

4.2 Unique Nature of Supply

Goods and/or services of a unique nature that are only available from a single supplier may be procured without a competitive process, where it is unlikely that more than one supplier could meet the requirement. Such purchases may only be approved if:

a) The estimated value exceeds $250,000;

b) Funding for the current financial year is included in the adopted Annual Budget, and future years are included in the Corporate Business Plan or Long-Term Financial Plan.

c) The purchasing requirement has been documented in a detailed specification, extensively market tested, and only one supplier has been identified as capable of meeting that specification.

d) The market testing process and supplier assessment outcomes are fully documented in a report that clearly justifies why only a single supplier can meet the requirement and why quotes or tenders from multiple suppliers cannot be obtained.

e) The report must be authorised by an officer with the proper purchasing authority or delegation and recorded.

4.3 Emergency Purchases (Local or State)

A State of Emergency (declared under the Local Government Act 1995, Local Government (Functions and General) Regulations 1996, or the Emergency Management Act 2005) allows the City to undertake emergency procurement where an imminent hazard necessitates a significant, coordinated response. For a local emergency that poses an immediate risk to public safety or requires urgent protection of property or infrastructure assets, the City may also undertake emergency procurement as outlined in the Procurement Framework. In such cases, any available existing City contracts must be used unless doing so is not feasible.

4.4 Waiver of Procurement Requirements

If it is not possible to meet the requirements in Table 1, a waiver of those requirements may be authorised by the CEO and/or Directors, Group Managers or the Service Manager Procurement and Contracts. Time constraints, poor planning, administrative omissions and errors do not justify using a waiver. Every effort must be made to research and plan procurement requirements in advance, allowing sufficient time to define needs and seek quotations properly

The City's Procurement & Contracts team must endorse any waiver request before approval is sought from the relevant authority. All waivers must be fully justified and clearly documented with the purchase order.

The CEO and/or Directors, or Group Managers (in accordance with Purchase Authorisation Level) may waive the requirements for:

a) Seeking the minimum number of quotations; or

b) Forming a Contract with a term greater than 5 years (including extensions/renewals); or

c) Obtaining a quote/s from a local/ regional supplier.

The Service Manager Procurement and Contracts may waive the requirements for:

d) Conducting a procurement process using City's eProcurement; or

e) Obtaining quotations from a local/regional supplier.

In the event of any dispute or inconsistency in waiver decisions, the Director Corporate and System Services or the CEO will make the final determination.

Certain procurements under $250,000 (ex GST) may be eligible for a pre-approved waiver where a competitive procurement process is not required. Details of these pre-approved waivers are set out in the Procurement Framework.

All waivers exercised by the CEO, Directors, and Group or Service Managers must be recorded in the City's Waiver of Procurement Requirements Register.

5 Credit Card and Purchasing Cards

The City may use corporate credit cards and purchasing cards to facilitate low value, low risk ad hoc purchases, in line with the Credit Card and Purchasing Card Policy and the Procurement Framework.

6 Recordkeeping

All communications, quotations, responses, evaluation, award documentation contracts, variations and relevant contract management records associated with procurement, regardless of value, must be accurately recorded and retained in compliance with the State Records Act 2000, associated regulations, and the City's Records Management Policy and Procurement Framework.

7 Financial Authorisation

The CEO determines financial authorisation limits for positions within the organisation, in accordance with regulation 5(1)(e) of the Local Government (Financial Management) Regulations 1996. A Purchase Authorisation Level (PAL) sets out financial authorisation limits for procurement in line with the City's Procurement Framework and within the approved budget adopted by Council.

Employees involved in procurement must be trained and competent to perform their procurement responsibilities, in accordance with the Procurement Framework.

8 Panels of Pre-qualified Suppliers

The City may establish and use Panels of Pre-qualified Suppliers for goods, services or works where there is an ongoing need and multiple suppliers can deliver value for money. Panels shall be established and managed in accordance with the Local Government (Functions and General) Regulations 1996 through a publicly advertised process with clearly defined categories, evaluation criteria, and panel composition.

Panels will be established for a maximum term of three (3) years, as approved by the CEO or delegate. The City will undertake appropriate contract management and performance monitoring to manage risk and ensure the intended benefits of the panel are achieved.

The method for allocating work among panel members, including seeking quotations from all members, direct allocation or the use of a ranking system, must be clearly defined when the Panel is established and applied consistently to support fairness, transparency and value for money. Where a ranking system is used, work must be offered sequentially in accordance with the established ranking.

All procurement through a panel must follow the panel's approved purchasing methodology. The approved purchasing methodology must not be varied during the term of the panel unless all panel members are treated equitably and the variation complies with applicable legislation.

Quotation processes, communications, evaluation and award decisions must be documented in accordance with the City's recordkeeping requirements. Contracts awarded under a panel must not exceed twelve (12) months in duration (including extensions), and must comply with the City's procurement thresholds, probity requirements, and value for money principles.

9 Contract Management

Contracts must be proactively managed by the responsible City Officer throughout their lifecycle to ensure the City receives value for money and contract performance requirements are met. The Procurement and Contracts team is responsible for administering and maintaining the City's contract management system, framework, register, and dispute process. All executed contracts must be recorded in the contract management system.

Where a contract variation is required, the contract may only be varied if the change is necessary to deliver the goods/services and does not alter the contract's scope. When considering a variation, it must be confirmed that the change would not have affected the outcome of the initial procurement (in the view of a reasonably skilled and experienced person in that industry, as well as the Procurement and Contracts team).

A contract extension is permitted only if the original invitation and contract included an option for renewal or extension (unless State of Emergency provision applies), and if the contractor's performance has been satisfactory. Any extension must use the same terms and conditions as the final year of the original contract, with price adjustments only as allowed by the contract.

After the original contract ends and all extension options are exhausted, the City must review its needs and commence a new competitive purchasing process in accordance with this Policy. All decisions on minor variations and contract extensions must be documented and approved in line with the relevant authorisation limits and delegated authorities.

10 Policy Non-Compliance

Procurement activities are subject to financial and performance audits to verify compliance with legislative requirements and the City's Policies and Frameworks. Failure to comply with this Policy, the Code of Conduct, compliance guidelines or prescribed processes will be investigated. If a breach is substantiated, it may be reported in line with the Public Sector Management Act 1994 and Corruption, Crime and Misconduct Act 2003.

Strategic Link:	Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996
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