



Shire of
Peppermint Grove

Attachments

Special Council Meeting

To be held on
2 July 2019



Shire of
Peppermint Grove

Special Council Meeting

Item 7.1 refers

**Draft Information relating to 2019/20
Budget**

SHIRE OF PEPPERMINT GROVE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	3,288,122	3,268,114	3,223,004
Operating grants, subsidies and contributions	9	1,342,752	1,356,802	1,284,373
Fees and charges	8	249,534	245,997	229,165
Interest earnings	10(a)	75,600	79,576	64,000
Other revenue	10(b)	9,200	53,650	12,338
		4,965,208	5,004,139	4,812,880
Expenses				
Employee costs		(2,228,643)	(2,272,305)	(2,241,641)
Materials and contracts		(1,925,767)	(1,862,701)	(1,853,519)
Utility charges		(128,396)	(126,563)	(130,043)
Depreciation on non-current assets	5	(473,123)	(439,982)	(386,563)
Interest expenses	10(d)	(59,316)	(61,030)	(61,030)
Insurance expenses		(100,952)	(94,309)	(94,256)
Other expenditure		(149,540)	(69,750)	(77,250)
		(5,065,737)	(4,926,640)	(4,844,302)
Subtotal		(100,529)	77,499	(31,422)
Non-operating grants, subsidies and contributions	9	254,384	184,167	80,867
		254,384	184,167	80,867
Net result		153,855	261,666	49,445
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		153,855	261,666	49,445

This statement is to be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations. The Local Government (Financial Management) Regulations 1995 take precedence over Australian Accounting Standards. Regulation 18 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 Land Under Roads, paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Peppermint Grove controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 16 - Leases: Post Contracts with Customers;
- AASB 18 - Leases; and
- AASB 1059 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 16.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the Local Government Act 1995. Includes general differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, lease discounts offered. Excludes administration fees, bylaws on instalments, interest on credits, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1995 identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate payments, interest on rate arrears and interest on debits.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction, or new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services: sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be netted off by debits to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, recreation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Excludes expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan covenants, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

SHIRE OF PEPPERMINT GROVE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		6,000	35,721	16,088
General purpose funding		3,398,722	3,390,085	3,313,219
Law, order, public safety		7,600	8,851	12,000
Health		12,780	11,205	16,030
Community amenities		118,739	134,807	94,085
Recreation and culture		1,373,607	1,361,281	1,312,658
Transport		13,900	36,335	18,050
Economic services		33,860	25,569	30,750
Other property and services		0	285	0
		<u>4,965,208</u>	<u>5,004,139</u>	<u>4,812,880</u>
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(1,575,920)	(1,520,998)	(982,110)
General purpose funding		(18,350)	(1,443)	(86,150)
Law, order, public safety		(32,500)	(33,174)	(46,700)
Health		(18,931)	(13,064)	(50,900)
Education and welfare		(21,304)	(16,989)	(65,165)
Community amenities		(658,806)	(578,277)	(688,786)
Recreation and culture		(1,798,163)	(1,776,148)	(2,025,394)
Transport		(506,259)	(463,793)	(742,067)
Economic services		(13,600)	(5,140)	(96,000)
		<u>(5,006,421)</u>	<u>(4,865,610)</u>	<u>(4,783,272)</u>
Finance costs	6, 10(d)			
Recreation and culture		(59,316)	(61,030)	(61,030)
		<u>(59,316)</u>	<u>(61,030)</u>	<u>(61,030)</u>
Subtotal		<u>(100,529)</u>	<u>77,499</u>	<u>(31,422)</u>
Non-operating grants, subsidies and contributions	9	254,384	184,167	80,867
		<u>254,384</u>	<u>184,167</u>	<u>80,867</u>
Net result		<u>153,855</u>	<u>261,666</u>	<u>49,445</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>153,855</u>	<u>261,666</u>	<u>49,445</u>

This statement is to be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

OBJECTIVE

ACTIVITIES

GOVERNANCE

To provide a decision-making process for the efficient allocation of scarce resources.

Activities of members of Council and the administrative support available to Council.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safe and environmentally conscience community.

Local laws, animal and other aspects of public safety.

HEALTH

To provide an operational framework for environmental and community health.

Infant health centre, health operations.

EDUCATION AND WELFARE

To provide services to seniors, elderly & youth.

SHINE community services, seniors week.

COMMUNITY AMENITIES

To provide for service required by the community.

Refuse collection & disposal, planning, protection of the environment & public conveniences.

RECREATION AND CULTURE

To establish and effectively manage the social well-being of the community.

Community centre, foreshore, parks and gardens, playgrounds & library.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Road and footpath construction and maintenance, depots, street cleaning, street trees & street lights.

ECONOMIC SERVICES

To help promote the districts economic wellbeing.

Building control.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works, plant and overheads.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES

(a) Rating information

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2019/20 Budgeted rates revenue \$	2019/20 Budgeted interim rates \$	2019/20 Budgeted back rates \$	2019/20 Budgeted total revenue \$	2018/19 Actual total revenue \$	2018/19 Budget total revenue \$
General Rate									
Gross rental valuations									
Residential	0.078466	570	34,299,365	2,691,334	5,000	0	2,696,334	2,691,906	2,646,796
Commercial	0.078466	28	6,138,902	481,538	0	0	481,538	467,105	487,105
Clubs	0.078466	2	530,800	41,650	0	0	41,650	41,238	41,238
Sub-Totals		600	40,967,067	3,214,522	5,000	0	3,219,522	3,200,249	3,155,139
Minimum payment									
Gross rental valuations									
Residential	1,400	34	493,740	47,000	0	0	47,000	47,090	47,090
Commercial	1,400	15	160,550	21,000	0	0	21,000	20,775	20,775
Sub-Totals		49	654,290	68,000	0	0	68,000	67,865	67,865
Discounts/concessions (Refer note 1(e))									
		649	41,621,357	3,283,122	5,000	0	3,288,122	3,268,114	3,223,004
Total amount raised from general rates									
Specified area rates (Refer note 1(c))									
Total rates									
							3,288,122	3,268,114	3,223,004
							0	0	0
							3,288,122	3,268,114	3,223,004

All land (other than exempt land) in the Shire of Peppermint Grove is rated according to its Gross Rental Value (GRV).

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Payment in Full	01/08/2019	15	3.0%	6.0%
Option two				
Four instalment option				
First Instalment	01/08/2019			
Second Instalment	01/10/2019			
Third Instalment	01/12/2019			
Fourth Instalment	01/02/2020			
Instalment plan admin charge revenue				
Instalment plan interest earned				
Unpaid rates and service charge interest earned				
		2019/20 Budget revenue		2018/19 Actual revenue
		\$		\$
		2,800		2,730
		10,000		10,153
		4,100		6,000
		16,900		18,883
				4,500
				7,000
				4,000
				15,500

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Reporting program

Asset class	Reporting program					2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance amenities	Community and culture	Recreation and culture	Transport	Other property and services			
\$	\$	\$	\$	\$	\$	\$	\$	
<u>Property, Plant and Equipment</u>								
Buildings - specialised	40,000		152,906			192,906		
Furniture and equipment	10,000					10,000	40,000	
Plant and equipment	68,158	11,000		25,000	57,200	161,358	130,852	164,500
	50,000	68,158	163,906	25,000	57,200	364,264	170,852	164,500
<u>Infrastructure</u>								
Infrastructure - Roads				411,700		411,700	159,413	270,000
Infrastructure - Footpaths				80,000		80,000	170,000	50,000
Infrastructure - Drainage						0	4,323	9,000
Infrastructure - Parks & Ovals						0		
Infrastructure - Other	20,000		206,600			226,600		20,000
	20,000	0	206,600	491,700	0	718,300	333,736	349,000
Total acquisitions	70,000	68,158	370,506	516,700	57,200	1,082,564	504,588	513,500

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

2019/20 Capital Works Program

Description	Cost	Less Trade	Ex reserve	Contributions	Grants	Net Muni
Tip Truck	57,200	27,200	0	0	0	30,000
Solar LED Speed signs	25,000	0	0	0	0	25,000
Fence at rear of Office/Community	20,000	0	0	0	0	20,000
Admin Path	30,000	0	0	0	0	30,000
Manners Hill Pavilion renovations	50,000	0	0	0	0	50,000
Leake Street reseal	211,700	0	0	0	151,133	60,567
Johnston Street reseal	200,000	0	200,000	0	0	0
GO and Red lid bins	68,158	0	0	0	14,400	53,758
Admin retic controller	11,000	0	0	0	0	11,000
Footpath Renewal Works	50,000	0	0	0	0	50,000
Riverwall	206,600	0	103,300	0	0	103,300
A1 Plan Printer	5,000	0	0	0	0	5,000
Firewall for Fibre Link	5,000	0	0	0	0	5,000
Solar Panels - Admin	40,000	0	0	0	0	40,000
Solar Panels - Library	73,000	0	0	66,364	0	6,636
Remote Geothermal monitoring	18,906	0	0	12,486	0	6,420
Replace library blinds	6,000	0	0	5,455	0	545
CCTV in library	5,000	0	0	4,546	0	454
	1,082,564	27,200	303,300	88,851	165,533	497,680



Shire of
Peppermint Grove

Special Council Meeting

Item 7.2 refers

- 1. Previous Purchasing and Tendering Policy**
- 2. Draft Revised Policy**

2.9 PURCHASING AND TENDERING

Purpose	To ensure all purchases of goods and services are conducted efficiently, ethically and in compliance with legislation
Status	ADMINISTRATIVE – STATUTORY
Policy	<p>The Shire of Peppermint Grove is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities. This policy:</p> <ul style="list-style-type: none"> • Provides the Shire of Peppermint Grove with a more effective way of purchasing goods and services. • Ensures that purchasing transactions are carried out in a fair and equitable manner. • Strengthens integrity and confidence in the purchasing system. • Ensures that the Shire of Peppermint Grove receives value for money in its purchasing. • Ensures that the Shire of Peppermint Grove considers the environmental impact of the procurement process across the life cycle of goods and services. • Ensures the Shire of Peppermint Grove is compliant with all regulatory obligations. • Promotes effective governance and definition of roles and responsibilities. • Uphold respect from the public and industry for Shire of Peppermint Grove purchasing practices that withstands probity. <p>Ethics & Integrity</p> <p>All officers and employees of the Shire of Peppermint Grove shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Shire of Peppermint Grove.</p> <p>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:</p> <ul style="list-style-type: none"> • full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money; • all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Peppermint Grove policies and code of conduct; • purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently; • all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements; • any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and • any information provided to the Shire of Peppermint Grove by a supplier shall be treated as commercial-in-confidence and

should not be released unless authorised by the supplier or relevant legislation.

Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Peppermint Grove. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal.
- 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;
- financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

Sustainable Procurement

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

The Shire of Peppermint Grove is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Local Government's sustainability objectives

Practically, sustainable procurement means the Shire of Peppermint Grove shall endeavour at all times to identify and procure products and services that:

- Have been determined as necessary;

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

Purchasing Thresholds

Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:-

Amount of Purchase	Model Policy
Up to \$1,000	Direct purchase from suppliers requiring only two verbal quotations.
\$1,001 - \$19,999	Obtain at least three verbal or written quotations.
\$20,000 - \$49,999	Obtain at least three written quotations
\$50,000 - \$149,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations).
\$150,000 and above	Conduct a public tender process.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$150,000 threshold (excluding GST). If a decision is made to seek public tenders for Contracts of less than \$150,000, a Request for Tender process that entails all the procedures for tendering outlined in this policy must be followed in full.

Up to \$1,000

Where the value of procurement of goods or services does not exceed \$1,000, purchase on the basis of at least two verbal quotations is permitted. However it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

This purchasing method is suitable where the purchase is relatively small and low risk.

Record keeping requirements must be maintained in accordance with record keeping policies. The Local Government Purchasing and Tender Guide contains a sample form for recording verbal quotations.

\$1,001 to \$19,999

This category is for the procurement of goods or services where the value of such procurement ranges between \$1,001 and \$19,999.

At least three verbal or written quotations (or a combination of both) are required. Where this is not practical, e.g. due to limited suppliers, it must be noted through records relating to the process.

The general principles for obtaining verbal quotations are:

- Ensure that the requirement / specification is clearly understood by the Local Government employee seeking the verbal quotations;
- Ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote;
- Read back the details to the Supplier contact person to confirm their accuracy;
- Written notes detailing each verbal quotation must be recorded.

Record keeping requirements must be maintained in accordance with record keeping policies. The Local Government Purchasing and Tender Guide contains sample forms for recording verbal and written quotations.

\$20,000 to \$49,999

For the procurement of goods or services where the value exceeds \$20,000 but is less than \$49,999, it is required to obtain at least three written quotes (commonly a sufficient number of quotes would be sought according to the type and nature of purchase).

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements. Record keeping requirements must be maintained in accordance with record keeping policies.

NOTES: The general principles relating to written quotations are;

- An appropriately detailed specification should communicate requirement(s) in a clear, concise and logical fashion.
- The request for written quotation should include as a minimum:
 - Written Specification
 - Selection Criteria to be applied
 - Price Schedule
 - Conditions of responding

- Validity period of offer
- Invitations to quote should be issued simultaneously to ensure that all parties receive an equal opportunity to respond.
- Offer to all prospective suppliers at the same time any new information that is likely to change the requirements.
- Responses should be assessed for compliance, then against the selection criteria, and then value for money and all evaluations documented.

Respondents should be advised in writing as soon as possible after the final determination is made and approved.

The Local Government Purchasing and Tender Guide produced by the Western Australian Local Government Association (WALGA) should be consulted for further details and guidance.

\$50,000 to \$149,999

For the procurement of goods or services where the value exceeds \$50,000 but is less than \$149,999, it is required to obtain at least three written quotations containing price and a sufficient amount of information relating to the specification of goods and services being purchased.

The Local Government Purchasing and Tender Guide has a series of forms including a Request for Quotation Template which can assist with recording details. Record keeping requirements must be maintained in accordance with record keeping policies.

For this procurement range, the selection should not be based on price alone, and it is strongly recommended to consider some of the qualitative factors such as quality, stock availability, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, organisation’s capability, previous relevant experience and any other relevant factors as part of the assessment of the quote.

Regulatory Compliance

Tender Exemption

In the following instances public tenders or quotation procedures are not required (regardless of the value of expenditure):

- An emergency situation as defined by the Local Government Act 1995;
- The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
- The purchase is under auction which has been authorised by Council;
- The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- Any of the other exclusions under Regulation 11 of the Functions and General Regulations apply.

Sole Source of Supply (Monopoly Suppliers)

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

Note: The application of provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.

Anti-Avoidance

The Shire of Peppermint Grove shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of \$150,000, thereby avoiding the need to publicly tender.

Tender Criteria

The Shire of Peppermint Grove shall, before tenders are publicly invited, determine in writing the criteria for deciding which tender should be accepted.

The evaluation panel shall be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

For request with a total estimated (Ex GST) price of:

- Between \$50,000 and \$149,999, the panel must contain a minimum of 2 members; and
- \$150,000 and above, the panel must contain a minimum of 3 members.

Advertising Tenders

Tenders are to be advertised in a state wide publication e.g. "The West Australian" newspaper, Local Government Tenders section, preferably on a Wednesday or Saturday.

The tender must remain open for at least 14 days after the date the tender is advertised. Care must be taken to ensure that 14 **full** days are provided as a minimum.

The notice must include;

- a brief description of the goods or services required;
- information as to where and how tenders may be submitted;
- the date and time after which tenders cannot be submitted;
 - particulars identifying a person from who more detailed information as to tendering may be obtained;
- detailed information shall include;
 - such information as the Shire of Peppermint Grove decides should be disclosed to those interested in submitting a tender;
- detailed specifications of the goods or services required;
 - the criteria for deciding which tender should be accepted;

- whether or not the Shire of Peppermint Grove has decided to submit a tender; and
- Whether or not tenders can be submitted by facsimile or other electronic means, and if so, how tenders may so be submitted.

Issuing Tender Documentation

Tenders will not be made available (counter, mail, internet, referral, or other means) without a robust process to ensure the recording of details of all parties who acquire the documentation.

This is essential as if clarifications, addendums or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the Shire of Peppermint Grove not to compromise its Duty to be Fair.

Tender Deadline

A tender that is not received in full in the required format by the advertised Tender Deadline shall be rejected.

Opening of Tenders

No tenders are to be removed from the tender box, or opened (read or evaluated) prior to the Tender Deadline.

Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee and preferably at least one other Shire Officer. The details of all tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record tendered prices at the tender opening, and price information should be regarded as *commercial-in-confidence* to the Local Government. Members of the public are entitled to be present.

The Tenderer's Offer form, Price Schedule and other appropriate pages from each tender shall be date stamped and initialled by at least two Shire of Peppermint Grove Officers present at the opening of tenders.

No Tenders Received

Where the Shire of Peppermint Grove has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

- a sufficient number of quotations are obtained;
- the process follows the guidelines for seeking quotations between \$50,000 & \$149,999 (listed above);
- the specification for goods and/or services remains unchanged;
- purchasing is arranged within 6 months of the closing date of the lapsed tender.

Tender Evaluation

Tenders that have not been rejected shall be assessed by the Shire of Peppermint Grove by means of a written evaluation against the pre-determined criteria. The tender evaluation panel shall assess each tender that has not been rejected to determine which tender is most advantageous.

Addendum to Tender

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire of Peppermint Grove may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.

Minor Variation

If after the tender has been publicly advertised and a successful tenderer has been chosen but before the Shire of Peppermint Grove and tenderer have entered into a Contract, a minor variation may be made by the Shire of Peppermint Grove.

A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

Notification of Outcome

Each tenderer shall be notified of the outcome of the tender following Council resolution. Notification shall include:

- The name of the successful tenderer
- The total value of consideration of the winning offer

The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process.

Records Management

All records associated with the tender process or a direct purchase process must be recorded and retained. For a tender process this includes:

- Tender documentation;
- Internal documentation;
- Evaluation documentation;
- Enquiry and response documentation;
- Notification and award documentation.

For a direct purchasing process this includes:

- Quotation documentation;
- Internal documentation;
- Order forms and requisitions.

Record retention shall be in accordance with the minimum requirements of the State Records Act, and the Shire of Peppermint Grove's internal records management policy

Related Procedure

Amendment Authority Level	
Related Development	
Related Local Law/Legislation	Regulation 11 &11A of the Local Government (Functions and General) Regulations 1996 Section 3.57 of the <i>Local Government Act 1995</i>
Adopted/Amended	December 2014
Review History	December 2015

2.9 PURCHASING AND TENDERING

Purpose	To ensure all purchases of goods and services are conducted efficiently, ethically and in compliance with legislation.
Status	ADMINISTRATIVE – STATUTORY
Policy	<p>The Shire of Peppermint Grove is committed to efficient, effective and economical procedures in all purchasing activities.</p> <p>This policy:</p> <ul style="list-style-type: none"> • Provides the Shire of Peppermint Grove with a more effective way of purchasing goods and services. • Ensures that purchasing transactions are carried out in a fair and equitable manner. • Strengthens integrity and confidence in the purchasing system. • Ensures that the Shire of Peppermint Grove receives value for money in its purchasing. • Ensures the Shire of Peppermint Grove is compliant with all regulatory obligations. • Promotes effective governance and definition of roles and responsibilities. • Uphold respect from the public and industry for Shire of Peppermint Grove purchasing practices that withstands probity. <p>Ethics & Integrity</p> <p>All officers and employees of the Shire of Peppermint Grove shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Shire of Peppermint Grove.</p> <p>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:</p> <ul style="list-style-type: none"> • full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money; • all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Peppermint Grove policies and code of conduct; • purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently; • all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements; • any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and

- any information provided to the Shire of Peppermint Grove by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Peppermint Grove. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole of life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal.
- 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;
- financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts.

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

Purchasing Thresholds

Wherever practicable, all officers and employees of the Shire of Peppermint Grove shall endeavour to engage pre-qualified suppliers sourced directly via the WALGA Preferred Supplier Program.

The WALGA program offers members the benefit of a comprehensive list of pre-qualified, tender exempt suppliers with a 'best price guarantee'. Furthermore, all contracts on the WALGA preferred supplier network are provided with the safeguard of a quality assured process, legal compliance, probity, risk mitigation and security of supply. WALGA manages the Preferred Supplier Contracts on an ongoing basis to ensure optimal performance, best pricing and full compliance is maintained.

In cases where there is no suitable WALGA Preferred Supplier available, the following thresholds and purchasing requirements will automatically apply:

Amount of Purchase	Model Policy
\$0 to \$5,000	Direct purchase from suppliers using purchase order or Corporate Credit Card issued by the Shire.
\$5,001 - \$50,000	Obtain a minimum of two verbal or written quotations from alternate suppliers.
\$50,001 - \$150,000	Obtain three written quotations with price, the specification of goods and services to be provided listed. The procurement decision will be based on value for money and qualitative considerations.
Above \$150,000	A public tender process is required to be conducted, or alternatively, a WALGA eQuote process is to be followed from the tender exempt pre-qualified suppliers.

Regulatory Compliance

Tender Exemption

In the following instances public tenders or quotation procedures are not required (regardless of the value of expenditure):

- An emergency situation as defined by the Local Government Act 1995;
- The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
- The purchase is under auction which has been authorised by Council;
- The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- Any of the other exclusions under Regulation 11 of the Functions and General Regulations apply.

Sole Source of Supply (Monopoly Suppliers)

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

Note: The application of provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.

Anti-Avoidance

The Shire of Peppermint Grove shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of \$150,000, thereby avoiding the need to publicly tender.

Tender Criteria

The Shire of Peppermint Grove shall, before tenders are publicly invited, determine in writing the criteria for deciding which tender should be accepted.

The evaluation panel shall be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

For request with a total estimated (Ex GST) price of \$150,000 and above, the panel must contain a minimum of 3 members.

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	<p>The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process.</p> <p>Records Management</p> <p>All records associated with the tender process or a direct purchase process must be recorded and retained. For a tender process this includes:</p> <ul style="list-style-type: none"> • Tender documentation; • Internal documentation; • Evaluation documentation; • Enquiry and response documentation; • Notification and award documentation. <p>For a direct purchasing process this includes:</p> <ul style="list-style-type: none"> • Quotation documentation; • Internal documentation; • Order forms and requisitions. Record retention shall be in accordance with the minimum requirements of the State Records Act, and the Shire of Peppermint Grove’s internal records management policy
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Related Procedure	
Amendment Authority Level	
Related Development	
Related Local Law/Legislation	Regulation 11 &11A of the Local Government (Functions and General) Regulations 1996 Section 3.57 of the <i>Local Government Act 1995</i>
Adopted/Amended	December XXXX
Review History	June 2019