



**Eastern Waste Management Authority**

Trading As

**East Waste**

# ***Purchase of Goods and Services Policy***

**Adopted: May 2013**

This Policy has been developed and adopted by the Eastern Waste Management Authority to ensure a fair, transparent and accountable process in the purchasing of goods and services

## Policy statement

The Eastern Waste Management Authority (The Authority) trading as East Waste is committed to ensuring a fair, transparent and accountable process in the purchasing of goods and services.

Clause 10.9 of the Authority's Charter states (in part) that the Authority has the power to "*acquire any real or personal property in accordance with the Business Plan or otherwise with a Unanimous Decision of the Constituent Councils*". Clause 63 of the Authority's Charter states that "*The Authority may acquire such assets (real or personal) as its Business Plan provides or otherwise pursuant to a Unanimous Decision of the Constituent Councils.*"

## Principles

This policy has been prepared to encapsulate the following principles:

- (a) Quotations/tenders should encourage open and effective competition for East Waste's business.
- (b) East Waste must be, and must be seen to be, a fair and even-handed purchaser by all existing and potential suppliers.
- (c) The confidentiality of supplier information is to be protected where the supplier requests it.
- (d) Obtaining value in the expenditure of public money.
- (e) Administrative procedures to support East Waste's policy should be designed to contribute to cost effectiveness and operational efficiency.
- (f) Where the purchase of goods, materials or plant and equipment involves implications for the safety, health and welfare of East Waste's employees, the employees involved will be consulted prior to the purchase.

## Contracting out

East Waste will provide waste management services in the most effective manner possible, using a balanced mix of contractors and East Waste employed labour, whichever is appropriate, taking into account the need for specialist short term skills and equipment needs, balanced against the need to maintain a strong East Waste employed skills base enabling the provision of a range of services and the provision of good governance.

East Waste will periodically review the contracting out of goods and services to ensure that the services provided are delivered in the most efficient, effective and economical manner measured against comparable services being delivered by comparable organisations.

## Quotations and tenders

All invitations to tender must specify a closing date. The General Manager may extend a closing date where the General Manager can show sound cause. All persons who have picked up a tender document must be notified of the extension with at least three business days notice.

Tenders received before the closing date will remain unopened and placed in East Waste's locked cabinet.

As soon as practicable after the closing date the tenders shall be opened by two staff members consisting of:

- (a) The General Manager or if he/she is not available, the Office Manager, plus
- (b) The Office Manager (if not deputising for the General Manager) or the Operations Manager.

The date and time of opening the tenders will be marked in the tender book and all persons present will sign the book.

Where the value of the tenders exceeds the delegated purchasing authorities approved by East Waste or exceeds the budget, a report with evaluations on the tenders received shall be submitted to the East Waste Board for approval.

Where a tender has been let and additional works of a similar nature are required in the same financial year, the General Manager may utilise the same contractor, without the need to recall tenders, provided the unit rate has a variance of no greater than +5% and the project remains within the budgeted allocation.

### **Conflict of interest**

*Conflict of Interest* is a legal term and legislation provides the strict legal definition. It is however generally accepted that the term has a broader interpretation which relates to any set of circumstances which has the potential to compromise fairness and the public interest.

A conflict can arise when a person has the *potential* to be influenced, or *appear* to be influenced, by personal or private interests. It is generally accepted that where such a conflict exists, it should be resolved in the public interest, as opposed to the individual private interest.

All employees have public responsibilities and duties and therefore need to take care that they are not seen to be gaining a private benefit or avoiding private detriment by the nature of their position. Employees should at all times be guided by legislation when dealing with *Conflict of Interest*, ie all employees must ensure that there is no conflict between personal interests, or those of people closely associated with them and the performance of their duties.

Perceptions of conflict of interest are as important as actual conflicts of interest. In many cases, only the individual will be aware of the potential for conflict. There are legal requirements to reveal any specific interests where conflict could arise. Additionally, even if a matter only appears to create a conflict with their public duties, employees must declare an interest at the earliest opportunity.

Employees should advise the General Manager in writing if there could be a situation involving a potential conflict of interest. If in doubt, employees should seek guidance from the Executive Officer, and if necessary, legal advice will be sought.



## Purchase of goods and services

Goods and services will be obtained by use of an official order, however in urgent cases goods and services may be ordered subject to confirmation by an official order within five business days.

Official East Waste orders will be:

- (a) Signed by an officer authorised by East Waste to sign such orders.
- (b) Numbered sequentially and stocks of unused orders will be kept in the custody of the Office Manager.

The following persons have delegated authority to sign purchase orders and contracts for the purchase of goods and services on behalf of East Waste.

TITLE		LIMIT \$ (GST excl)
General Manager	Goods and Services	\$ 50,000
	Professional Services	\$ 50,000
Office Manager	Goods and Services	\$ 5,000
Operations Manager	Goods and Services	\$ 5,000

In exercising this authority, delegates are required to comply with the East Waste Charter and the following in determining the limit of the delegation:

- (a) For a single item normally and appropriately purchased as a single item, the value of that item.
- (b) For several identical items purchased at or the same time and not separately, the total value.
- (c) For component parts of an item normally and appropriately purchased separately, the value of that component.
- (d) For service contracts the estimated annual value.

The General Manager may invoke and revoke delegated authority for the signing of purchase orders exercising due consideration to the requirement to maintain effective internal control without impeding the operational efficiency of the organisation.

East Waste officers with delegated authority will, when making decisions under this Policy, act in accordance with East Waste's budget, relevant policies, plans, agreements, resolutions etc.

## Purchase methods and requirements

Wherever possible and if considered practical and cost effective by the General Manager or his authorised delegate, period contracts are to be negotiated for the supply of goods and services where they are consumed on a regular basis.

The following are the "minimum requirements" for the purchase of **Goods and Services**. Additional criteria can be applied.

**(1) Up to \$5,000 - 3 quotations required**

East Waste administration will not necessarily seek written quotations providing that:

- Officer records the details of any verbal quotations obtained
- Rates are considered reasonable and consistent with normal market rates for items of a like manner. The selection process and reasoning is to be documented.
- Requirements are not being split into components or a succession of orders for the same goods or services.
- Before the purchase order is signed it will include, where possible, an estimate of the cost of the goods and services so ordered.
- In an emergency or where there is only 1 supplier and it is not appropriate to obtain 3 quotes, purchases can be made on a discretionary basis as long as the Officer is satisfied that the purchase price is reasonable and competitive and that the circumstances are recorded.

**(2) Over \$5,000 and up to \$50,000 – 3 written quotations**

The following procedures are to be applied in calling for written quotations:-

- Obtain at least three written quotations;
- Officers calling and receiving written quotations shall note in the file;
- Reasons for selecting the 3 or more organisations for quotes;
- The detailed description of the goods and services for which quotations are required;
- The organisations invited to submit quotations;
- The name of the person giving the quotation;
- The reason for accepting a quote that is not the lowest;

In an emergency or where there is only 1 supplier and it is not appropriate to obtain 3 quotes, purchases can be made on a discretionary basis as long as the Officer is satisfied that the purchase price is reasonable and competitive and that the circumstances are recorded. Purchases exceeding \$50,000 (GST exclusive) must be submitted to the East Waste Board for approval.

The results should be notified in writing to all persons who provided quotations.

The benefits of Written Quotations are:

- Puts the procurement on a more formal footing;
- May be used where specifications are long and/or in any other cases where telephone quotes would not be feasible;
- Allows several requisitions for like items to be combined as one quotation request - saving time and possibly attracting cost savings;
- Enables a greater section of the market place to be canvassed;
- Before the purchase order is signed it will include, where possible, an estimate of the cost of the goods and services so ordered.



### **(3) Over \$50,000 - tender process**

The following procedures are to be applied in calling tenders:

The General Manager is responsible for administration of East Waste's tender process.

Tenders shall be called for the purchase of all goods, equipment commodities and services, where the total actual gross cost of each item inclusive of any trade-in is expected to exceed \$50,000 (GST exclusive).

A tender process shall take the following form:

- Public tender invitation through advertisements in the appropriate paper or by submitting tender documents to known suppliers (minimum of 3 suppliers);
- Full details of the works or services and an appropriate specification must be supplied to persons submitting tenders;
- Tender evaluation criteria to be included in the tender specification;
- If applicable, a briefing date is to be included in the tender specification for all persons submitting tenders to view the landfill site;
- Documentation of process to be filed;
- Tenders are to be placed in the tender cabinet;
- Evaluations to take place by East Waste officers;
- Recommendation to be put to the next East Waste Board meeting;
- The successful contractor to be engaged under one of East Waste's standard conditions of contract.

**Government contracts:** Where East Waste has access to, Government contracts either State or Federal, the General Manager or his authorised delegate may elect to purchase against such contracts where appropriate, except for purchases expected to cost in excess of \$50,000 (GST exclusive).

### **Tender process**

#### **(1) Tender register**

A register shall be maintained for the duration of the tender period. The register shall record the names, contact addresses and telephone and facsimile numbers of all persons collecting tender documents. The register shall be used for the forwarding of tender addenda to contractors as the need arises.

A written addendum notification shall be given to all proposed tenderers of any change to documentation or additional information. An addendum shall not be issued any later than five days prior to the closing date of tenders unless the closing date is extended.

## **(2) Tender submission**

### **(a) Tender Cabinet**

A lockable tender cabinet shall be located in the East Waste Office.

### **(b) Receiving of tenders**

Tenders received are to be:

- Clearly marked as to the time of receipt by East Waste staff.
- Placed unopened into the locked tender cabinet.
- If received after the closing time then the time and date received shall be marked on the document together with **LATE TENDER**.

## **(3) Tender opening**

### **(a) Opening tenders.**

- The tenders shall be opened as soon as practicable after the nominated closing time.
- Opened tenders shall be recorded in the tender book.
- Information contained in the tenders shall be treated as confidential.

### **(b) Late tenders**

- Tenders received after the closing time and date **may not** be considered. Tenders received after other tenders have been opened **will not** be received.
- Reasons for acceptance or non-acceptance must be documented.

### **(c) Tenders received by Fax/Email.**

Tenders received by fax/email shall be accepted as long as the original documents are received within 2 days.

## **(4) Evaluation of tenders**

### **(a) General**

East Waste recognises that the lowest priced tender does not necessarily represent the best solution or best value for the purchase of a particular good or service.

Other factors must be taken into account including:

- Relevant experience
- Past performance history
- Technical expertise
- Management capability
- Ecological impact of product production or disposal
- Environmental impact of service provision
- Financial position
- Compliance with tender documentation
- Compliance with OH&S

The tender specification document will identify the selection criteria to be used in the assessment of tenders.

**(b) Selection Panel**

A selection panel may be established for the evaluation of each tender. The panel is to be established by the East Waste Board prior to the closing of the tenders.

The panel may comprise of the following members, namely:

- General Manager
- Office Manager
- Operations Manager
- Chair
- Directors

It may be necessary in some tender evaluations to obtain the specialised services of an outside person in the selection of evaluation criteria. In these circumstances an additional person may be invited to be a member of the panel.

All panel participants shall not have a personal interest in the evaluation outcome and all information contained in the process shall remain confidential.

The role of the panel is to:

- Select the evaluation criteria that are seen as being appropriate for the tender.
- Ensure consistency of approach and that the tenders are evaluated according to the evaluation criteria and priorities advised to all tenderers through the conditions of tender documentation.

**(c) Comparative Evaluation Matrix**

The evaluation criteria that have been determined by the selection panel shall be rated in accordance with their perceived importance to the project

**(d) Price Comparison**

The weighting that price is given shall reflect the perceived risk associated with the purchase of the good or service. As an example, in purchasing computer software, the panel could decide that technical performance commands a higher rating than price.

**(e) Tender Recommendation**

The selection panel shall prepare a report to the East Waste Board meeting detailing the recommendation to award a contract.



The selection panel should deal with all tenders received, both conforming and non-conforming, and report on the tenders -

- In writing clearly stating the reasons for preferring one tenderer over another including the following:
  - the tender evaluation matrix.
  - a summary of each tender submission.
  - comments on the evaluation criteria for each tender.
- Outlining budget implications.
- Recommending a preferred tender.

## **(5) East Waste Board consideration**

The East Waste Board will consider the tenders “In confidence” and the decision will be recorded in the public minutes.

### **Contract award**

#### **(1) Awarding of Contract**

The successful tenderer shall be notified as soon as practicable through the issuing of a letter of acceptance.

The letter of acceptance shall contain the following information:

- a confirmation of the contract number and title.
- a statement that the submitted tender with details of post tender negotiations (if any) has been accepted by East Waste.
- a requirement to execute a formal instrument of agreement.
- a request to provide copies of insurances as required under the contract documentation.
- confirmation of the Superintendent, if required.

#### **(2) Unsuccessful Tenderers**

Once the contract has been signed all unsuccessful tenderers shall be notified in writing on the outcome of their tender. Information provided shall be as follows:

- a confirmation of the contract number and title.
- the name of the successful tenderer.

#### **(3) Debriefing to Unsuccessful Tenderers.**

From time to time unsuccessful tenderers may request further information in order to learn from the tender experience. In these circumstances a member of the evaluating panel may discuss the evaluation process in general terms.

The information supplied shall be sensitive to the general commercial in confidence requirements of the other tenderers.

## **Purchase of goods & services**

In fulfilling East Waste's purchasing role, the following principles will apply:

- Consistency with and relevance to East Waste's Business Plan.
- Transparency and accountability in purchasing procedures and practices to ensure that East Waste purchases at the best price and that all potential suppliers are given equal opportunity to provide the required goods and services.
- Compliance with statutory and other obligations.
- Commercial confidentiality.

### **(1) Purchasing options**

Generally, East Waste will purchase goods through adoption of the following approaches:

- Direct purchase – where there is only a single supplier or the particular circumstances involvement of only one potential supplier.
- Quotation – seeking quotations from two or more suppliers.
- Selected Tender – seeking tenders from a limited number of suppliers on the basis of, for example, location, previous performance, the result of an Expression of Interest process.
- Open Tender – seeking tenders from the market at large through an open invitation process e.g. Advertisement.

In identifying the circumstances in which to apply these options, East Waste will consider a number of issues, e.g.

- The number of known suppliers of the goods or services.
- The total estimated value of the purchase.
- Delegation limits taking into consideration accountability, responsibility, operational efficiency and urgency of supply.
- Previous experience with suppliers.
- Compliance with statutory obligations.

## Governance

This Policy will be reviewed every two years by the Board. However, the Board has the discretion to review this Policy at any time in order to take into account any significant new information, legislative, or organisational change which may warrant an amendment to this document.

A review of this Policy will incorporate consultation with the Constituent Councils.

Copies of the Policy are available from the East Waste website [www.eastwaste.com.au](http://www.eastwaste.com.au) or the Authority's office at 1 Temple Court Ottoway SA 5013.

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This Policy was approved by the Board at its meeting on 2 May 2013

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## *Review history*

*Nil*