



# HOUSING AUTHORITY PROCUREMENT PRINCIPLES





## Contents

Introduction.....	3
Housing Procurement Principle (HPP) 1 - Value for Money (VfM).....	3
Housing Procurement Principle (HPP) 2 - Open and Effective Competition .....	4
Housing Procurement Principle (HPP) 3 - Probity & Accountability .....	6
Housing Procurement Principle (HPP) 4 - Procurement Planning & Contract Management...	6
Housing Procurement Principle (HPP) 5 - Sustainable Procurement.....	7
Housing Procurement Principle (HPP) 6 - Disposal of Goods .....	7



## **Introduction**

Procurement and contract management within and on behalf of the Housing Authority (Housing) aligns with its strategic intent, Delegations of Authority as well as the requirements of the West Australian State Supply Commission (SSC) and other Government (State and Federal) policies.

Housing has a suite of Procurement Principles which ensure that procurement and contract management activities are conducted in an impartial, accountable, fair and ethical manner, protecting Housing and its personnel from the perceptions of bias or illicit intent.

### ***Application of the Principles***

Procurement conducted under the *Housing Act 1980* are delivered under the following six (6) Housing Procurement Principles (HPP);

- **HPP1 - Value for Money (VfM);**
- **HPP2 - Open and Effective Competition;**
- **HPP3 - Probity and Accountability;**
- **HPP4 - Procurement Planning and Contract Management;**
- **HPP5 - Sustainable Procurement; and**
- **HPP6 – Disposal of Goods.**

## **Housing Procurement Principle (HPP) 1 - Value for Money (VfM)**

Housing staff, and those procuring on behalf of Housing, shall ensure that all procurement decisions are made on the basis of obtaining the best VfM outcome for Housing. The lowest price is not necessarily an indicator of VfM and cost is only one factor in assessing VfM.

Other non-cost factors to be considered include:

- Alignment to Housing's strategic intent;
- Fitness for purpose;
- Technical and financial issues;
- Supplier capability;
- Sustainability;
- Risk exposures including financial viability;
- Availability of maintenance, service and on-going support;



- Compliance with specifications; and
- Ease of inspection, communication and delivery.

The assessment of VfM should consider any ongoing costs that may accrue beyond the initial price, including the associated costs of holding, using, maintaining and disposing of assets.

## **Housing Procurement Principle (HPP) 2 - Open and Effective Competition**

Housing staff, and those procuring on behalf of Housing shall ensure all procurement processes provide suppliers with fair and equal access to Government business opportunities and clearly illustrates the transparency and integrity of Government purchasing.

Individuals conducting procurement on behalf of Housing shall ensure that opportunities are given to suppliers to promote open and fair competition. Any actual, perceived or potential conflict of interest in relation to the procurement activity involving Housing staff, and those procuring on behalf of Housing must be raised/declared and addressed accordingly.

Scope of works and/or specifications developed for quotation and tender documentation shall support and contribute to Housing's strategic intent and VfM outcomes and therefore, be written in a manner that:

- ensures impartiality and objectivity as reasonably practicable;
- encourages the use of standard products;
- encourages sustainability; and
- eliminates unnecessarily stringent requirements.

Proprietary products shall not be specified unless there are no suitable alternatives or there are sound technical/operational reasons for doing so. Where it is necessary to name a proprietary product in a specification, approval of Housing's Accountable Authority or delegate may be required.

Consideration should be given to periodically testing the market adequately, including the provision of opportunities to new suppliers.

For contracts that are intended to exceed a five (5) year period, the contract manager is required to demonstrate there are sound technical, commercial or operational reasons for doing so, or that significant benefits will be delivered to Housing and/or the State. The



approval of Housing's Accountable Authority or delegate should be sought prior to the calling for quotations or tenders where the contract period is expected to exceed five (5) years.

Following a formal written quotation or tender process, Housing and those procuring on behalf of Housing, may be required to provide unsuccessful bidders with the name and Total Contract Value (TCV) or estimated TCV, including any extension options and inclusive of GST, of the successful bidder.

Unsuccessful bidders should be provided with a debriefing on request.

The following table sets out the minimum requirements that Housing and those procuring on behalf of Housing, must use to procure, unless a specific exemption is approved by Housing's Accountable Authority or delegate ;

<b>Monetary Threshold<sup>1</sup></b>	<b>Minimum Requirements</b>
Purchases up to \$50,000	Housing may determine the most appropriate procurement method including direct sourcing, or verbal or written quotations based on assessment of the nature of the market, complexity and risk and process efficiency.
Purchases between \$50,000 and \$250,000	Sufficient quotations must be requested in writing and Offers must be received in writing.
Purchases above \$250,000	Open Tenders process through a public advertisement.

<sup>1</sup> Monetary thresholds are based on the total estimated value, including any extension options, and are inclusive of GST.



### **Housing Procurement Principle (HPP) 3 - Probity & Accountability**

The Public Sector Commissioner's Instruction #.7 – *Code of Ethics*<sup>2</sup>, requires that all procurement activities undertaken by a public authority are to be conducted with integrity and in a manner able to withstand the closest possible scrutiny. Accountability in procurement activities is demonstrated by the capacity to explain and provide evidence on the process followed.

Housing staff and those procuring on behalf of Housing will be accountable for all procurement decisions made. As such, all procurement activities are required to have an audit trail for monitoring and reporting purposes.

### **Housing Procurement Principle (HPP) 4 - Procurement Planning & Contract Management**

Where applicable, Housing staff and those procuring on behalf of Housing, shall ensure that Procurement Plans and Contract Management plans are developed for contracts with an estimated TCV of \$5 million (incl. GST) or above unless exemption from this requirement is obtained from the Accountable Authority or delegate. A Procurement Plan may be required for a lesser value where the procurement is complex or the risk(s) is significant.

Housing's procurement requirements should allow for adequate lead-time commensurate with the procurement value, risk and complexity. Procurement planning should clearly identify the requirements of the purchase, risk identification and mitigation strategies, the procurement methods and contractual outcomes required and involve relevant stakeholders and technical experts as necessary.

Contract management is an integral part of the purchasing cycle and needs to be considered early in the procurement process.

Where a purchase will require ongoing management, appropriate contract management and administration requirements including supplier performance management requirements need to be identified and planned and should be relative to the value, complexity and risks involved.

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<sup>2</sup> The Public Sector Commissioner's Instruction #7 – *Code of Ethics* can be found at the Public Sector Commissioner's website.



## **Housing Procurement Principle (HPP) 5 - Sustainable Procurement**

Housing is committed to reducing its environmental impact and operating in a socially, financially and environmentally responsible manner.

The environmental impacts and opportunities should be considered when preparing procurement plans, requests for quotations and tenders by ensuring specifications and other documentation reflects environmental standards, codes or legislation. Evaluation Criteria shall seek information on a supplier's commitment to offering sustainable Goods, Services or Works and Housing shall ensure claims made by a potential supplier can be verified.

Housing shall encourage the design and use of Goods and Services which have positive or minimal impact on the environment and human health. This includes, but is not limited to:

- Recycling;
- Waste Management;
- Emissions Management;
- Habitat Destruction;
- Toxicity;
- Soil Degradation;
- Water Conservation;
- Energy Management; and
- Green Building Design.

## **Housing Procurement Principle (HPP) 6 - Disposal of Goods**

Housing staff and those procuring on behalf of Housing, shall ensure that surplus goods (including materials) are disposed of in a manner that is ethical, equitable and efficient, and where practicable maximises the public benefit and/or financial return to Government. Housing shall select a method of disposal as appropriate to the surplus Goods which includes:

- transferring to another Government entity;
- trade-in;



- donating to a charitable institution where the Goods have little or no economic value or the cost of disposal is not efficient or economical. (Evidence of charitable status must be sought and provided prior to the disposal being approved);
- inviting competitive offers through written quotations or public tenders;
- public auction;
- recycling or community re-use;
- destruction or dumping in accordance with relevant regulations; or
- selling to Housing personnel through a competitive process.

All requests for disposal shall seek approval from the relevant Accountable Authority or delegate.

***Need more help or further information?***

Contact the **Tendering Services** team at:

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