

## 3.2 Procurement

Policy Title:	Procurement (formerly Purchasing by Council Staff)
Date Adopted:	21/12/95
Date Revised:	26/9/02; 22/11/07; 25/9/08; 22/10/09; 29/6/11; 26/6/12; 25/6/13; 27/5/14; 26/5/15; 24/5/16; 23/5/17
Minute Book Reference:	Council Minutes 26/9/02      Item 3.1 (Purchasing Policy Workshop minutes 22/8/02, item 3.1 page 3) 22/11/07      Item 5.10.1(d), page 14 (refer Audit & Finance Committee minutes 8/11/07, item 4.4, page 11) 25/9/08      Item 4.10.1(d), page 27 (refer Audit & Finance Committee minutes 11/9/08, item 4.5, page 12) 22/10/09      Item 4.10.1(b), page 22 (refer Audit & Finance Committee minutes 08/10/09, item 4.2, page 7) 29/6/11      Item 4.10.1(b), page 26 (refer Audit & Finance Committee minutes 14/6/11, item 4.3, page 9) 26/6/12      Item 4.10.1(b), page 39 (refer Audit & Finance Committee minutes 12/6/12, item 4.1.2, page 8) 25/6/13      Item 4.10.5(a), page 51 (refer Governance Committee minutes 11/6/13, item 4.1.1, pages 5-7) 27/5/14      Item 4.10.5(a), page 24 (refer Governance Committee minutes 13/5/14, item 4.1.1, pages 5-6) 26/5/15      Item 4.2.2, pages 16-17 24/5/16      Item 4.2.3, pages 21-22 23/5/17      Item 4.2.1, pages 13-14 22/5/18      Item 7.5, pages 74-90
Next Revision Due:	June 2019 (once in each financial year in accordance with the LGA)

### 1. Principles

#### 1.1. Background

Golden Plains Shire Council recognises that:

- Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by Council, will enhance achievement of Council objectives such as sustainable and social procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.
- The elements of best practice applicable to local government procurement incorporate:
  - broad principles covering ethics, value for money, responsibilities and accountabilities;
  - guidelines giving effect to those principles;
  - a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process); and
  - procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement.
- Council's contracting, purchasing and contract management activities endeavour to:
  - support the Council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment, and corporate social responsibility;
  - take a long term strategic view of its procurement needs while continually assessing, reviewing and auditing its procedures, strategy and objectives;
  - provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that the needs of end users are fully met;
  - are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
  - achieve value for money and quality in the acquisition of goods, services and works by the Council;

- ensure that risk is identified, assessed and managed at all stages of the procurement process;
- Use strategic procurement practices and innovative procurement solutions to promote sustainability and best value, in particular making use of collaboration and partnership opportunities;
- Use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the wider social objectives of the Council;
- Comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, Council standards and best practice.

## 1.2. Scope

This Procurement Policy is made under Section 186a of the *Local Government Act* 1989. The Act is the key legislative framework that regulates the process of all local government procurement in Victoria. Section 186a of the Act requires the Council to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Council.

This policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council staff and temporary employees, contractors and consultants while engaged by the Council.

The Act and the Procurement Policy of the Council is the primary reference point for how all procurement should be performed.

## 1.3. Purpose

The purpose of this policy is to:

- provide policy and guidance to Council to allow consistency and control over procurement activities;
- demonstrate accountability to ratepayers;
- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing; and
- increase the probability of obtaining the right outcome when purchasing goods and services.

## 1.4. Treatment of GST

All monetary values stated in this policy include GST except, where specifically stated otherwise.

## 1.5. Definitions & Abbreviations

Term	Definition
Act	<i>Local Government Act</i> 1989
Best value	Best value in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including: <ul style="list-style-type: none"> <li>• contribution to the advancement of the Council's priorities;</li> <li>• non-cost factors such as fitness for purpose, quality, service and support; and</li> <li>• cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.</li> </ul>

Term	Definition
Category management	A 'category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.
Commercial in confidence	Information that, if released, may prejudice the business dealings of a party e.g. prices, discounts, rebates, profits, methodologies and process information.
Contract management	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
Corporate Social Responsibility (CSR)	Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts.
Council staff	Includes full-time and part-time Council staff, and temporary employees, contractors and consultants while engaged by the Council.
Expression of Interest (EOI)	An invitation for persons to submit an EOI for the provision of the goods and/or services generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract.
Local	Labour, materials, plant and supervision which are sourced from within the G21 Geelong Region Alliance (Municipalities of Geelong, Colac Otway, Queenscliffe, Surf Coast and Golden Plains) and Ballarat regions.
Probity	Within Local Government, the word "probity" is often used in a general sense to mean "good process". A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.
Request for Proposal (RFP)	A request for proposal is generally sent to the supplier market, designed to capture commercial information and pricing. Allows Council to assess suitability and evaluate responses against a set of pre-defined requirements.
Social procurement	Social procurement uses procurement processes and purchasing power to generate positive social outcomes for the community in addition to the delivery of efficient goods, services and works.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender process	The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.

## POLICY

### **2. Effective Legislative & Policy Compliance & Control**

#### **2.1. Ethics & Probity**

##### **2.1.1. Requirement**

Council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny. Councillors and Council staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity.

##### **2.1.2. Conduct of Councillors & Council Staff**

Councillors and Council staff must abide by Golden Plains Shire Council's Councillor Code of Conduct and Officer Code of Conduct respectively. In relation to procurement, Councillors and Council staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of commercial in confidence information such as contract prices and other sensitive information;
- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest; and
- provide all suppliers and tenderers with the same information and equal opportunity; and be able to account for all decisions and provide feedback on them.

##### **2.1.3. Tender Processes**

All tender processes shall be conducted in accordance with the requirements of this policy and any associated procedures, relevant legislation, relevant Australian Standards and the *Local Government Act 1989* (the Act).

##### **2.1.4. Conflict of Interest**

With regard to conflict of interest, Councillors and Council staff must comply with:

- The *Local Government Act 1989*;
- Respective Conflict of Interest Guide's developed by Local Government Victoria; and
- Respective Golden Plains Shire Council 'Code of Conduct' policies.

This requires officers to undertake their duties in a manner which reflects high standards of good governance, professionalism and integrity. Councillors and staff of Golden Plains Shire Council are to conduct themselves in a manner which enhances public confidence in local government.

Councillors and Council staff must be aware of situations in which private interest's conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Councillors and Council staff involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, and tender evaluation panels, must:

- Avoid conflicts, whether actual, potential or perceived, arising between their official duties and their private interests. Private interests include the financial and other interests of Councillors and Council staff, plus their relatives and close associates
- Declare that there is no conflict of interest. Where future conflicts, or relevant private interests arise Council staff must make their manager, or the chairperson of the relevant tender assessment panel or board aware and allow them to decide whether the officer should continue to be involved in the specific procurement exercise

- Observe prevailing Best Practice Procurement Guidelines published by Local Government Victoria on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information whether or not for personal gain.

#### **2.1.5. Fair & Honest Dealing**

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected.

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

#### **2.1.6. Accountability & Transparency**

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

#### **2.1.7. Gifts & Hospitality**

Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how flimsy the evidence available), must be promptly brought to the attention of the CEO.

With regard to gifts and hospitality, Councillors must comply with the Act and Council staff must comply with Council's internal policy 'Gift and Hospitality declarations – Council officers'. This policy precludes an officer participating in the decision making process that affects a gift providers organisation if they have received an aggregate of gifts that exceeds \$500 within a five year period.

#### **2.1.8. Disclosure of Information**

Unless required by legislation, Commercial in Confidence information received by Council must not be disclosed and is to be stored in a secure environment pending lawful destruction in accordance with the Public Records Office General Retention & Disposal Authority for Records of Common Administrative Functions PROS07/01 Var 3.0.

Councillors and Council staff are to protect, by refusing to release or discuss the following:

- allocated Council budgets for proposed tenders;
- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is Commercial in Confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

## **2.2. Governance**

### **2.2.1. Structure**

Council shall:

- establish a procurement management responsibility structure and delegations ensuring accountability, traceability and audit ability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council.
- ensure that the Councils' procurement structure:
  - is flexible enough to purchase the diverse range of material, goods, works and services required by Council in a timely manner;
  - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
  - encourages competition.

### **2.2.2. Standards**

Council's procurement activities shall be carried out to the professional standards required by best practice and in compliance with:

- The Act;
- Council's policies;
- Council's Code of Conduct;
- Local Government Procurement Best Practice Guidelines;
- Other relevant legislative requirements such as but not limited to the Child Wellbeing and Safety Act, *Trade Practices Act*, *Goods Act* and the *Environmental Protection Act*.

### **2.2.3. Methods**

The Council's standard methods for purchasing goods, services and works shall be by some or all of the following methods:

- procurement card;
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds;
- under contract following a tender process;
- using aggregated purchasing arrangements with other Councils, MAV Procurement, Victorian Government, or other bodies;
- other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

The Council may, at the CEO's discretion and based on the complexity and cost of the project, conduct single stage or multi-stage tenders.

Typically a multi-stage tender process will commence with an Expression of Interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

### **2.2.4. Responsible Financial Management**

The principle of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

Council staff must not authorise the expenditure of funds in excess of their financial delegations.

Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this policy.

## **2.3. Procurement Processes & Thresholds**

### **2.3.1. Process**

Council procurement processes are based on a number of principles:

#### **Best Value**

The benefits of the purchase are weighted against the costs necessary for the optimum result for Council and local community. Council is not required to accept the lowest tender. Instead, Council is required to take into account issues of quality, cost, the accessibility of the service and other factors relevant to both the overall objectives of the *Local Government Act*.

Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires us to balance quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision so far as is practicable. It follows that the delivery of Best value is dependent upon Council priorities.

Achieving best value also requires challenging the need for the procurement and the way in which the service may be reconfigured to achieve improvements in service delivery, comparing service provision options against all those available, consulting with key stakeholders and ensuring competition in the open market.

Achieving best value for money must be the basis of all procurement decisions within the Council.

#### **Open & Fair Competition**

All suppliers are treated fairly in an open and transparent manner and have access to the same information.

Third parties that have been consulted on, or assisting Council with, the development of a project scope or specification must sign a confidentiality agreement and are specifically excluded from participating in the procurement process for that particular project. This is due to the fact that they may have the ability to influence, and are privy to, confidential aspects of the project and/or specification.

#### **Accountability**

The Council maintains consistency in the approach to procurement across the whole organisation through coherent frameworks, policies and procedures. Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Therefore the processes by which all procurement activities are conducted will be in accordance with the Council's procurement policies and procedures as set out in this policy and related, relevant Council policies and procedures. Additionally:

- all Council staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and provide feedback on them; and
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

#### **Risk Management**

Strategies for managing risks associated with all procurement processes are in place and consistent.

## **Probity & Transparency**

All Council procurement processes must be conducted in a fair, honest and open manner, with the highest levels of integrity and in the public interest.

### **2.3.2. Minimum Spend Thresholds**

Any Council procurement under the threshold must comply with the Council's own policy and procedures.

Council will from time to time decide and publish in this policy clear guidelines for minimum spend thresholds. These will be decided by Council by analysing the historical size and complexity of the procurement activity and of proposed procurement activities.

Purchasing thresholds include GST and are for the total cost of the procurement over the proposed contract term. To determine the threshold for accumulated procurement a two year test is applied. For example:

1. Catering for functions/training may cost \$1,500 per month. Over two years this would accumulate to \$36,000 so three quotations would be required.
2. A consultant may be engaged twice a year for an estimated contract value each time of \$40,000. The accumulated value over two years would be \$160,000 so a tender is required.

#### **2.3.2.1. Tenders**

Purchase of all goods and services for which the estimated expenditure exceeds \$150,000 and building and construction works for which the estimated expenditure exceeds \$200,000, must be undertaken by public tender as per the thresholds contained in the Act.

Public tenders may be called for purchase of goods, services and works for which the estimated expenditure is below these thresholds at the Chief Executive Officer's discretion.

#### **2.3.2.2. Quotations**

Purchase of goods and services with a value up to \$149,999, and building and construction works having a total valuation of \$199,999, may be undertaken using the procurement by quotation method as described below:

- Petty cash purchases can be made with a value up to \$82.50 after obtaining one (1) verbal quote;
- Purchases with a value up to \$5,500 should be made after obtaining at least one (1) verbal quote;
- Purchases with a value \$5,501 to \$33,000 should be made after obtaining at least two (2) written quotes; and
- Purchases with a value \$33,001 to \$149,999 for goods and services, or \$199,999 for building and construction, should be made after obtaining at least three (3) written quotes.

Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome. Where purchases are made through an approved purchasing scheme, the above quotation process need not be undertaken.

#### **2.3.2.3. Public Advertising**

Quotations may be advertised at the Council staff member's discretion. This may occur when a field of potential tenderers has not been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices.

## **2.4. Delegation of Authority**

### **2.4.1. Requirement**

Delegations define the limitations within which Council staff are permitted to work. Delegation of procurement authority allows specified Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

### **2.4.2. Delegations**

#### **2.4.2.1. Council Staff**

Council shall maintain a documented scheme of procurement delegations, identifying Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of Council and their respective delegations contained in financial delegations policies:

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions (within authorised budget)
- Contract amendment (non-financial)
- Contract amendment (financial)
- Procurement card purchases
- Procedural exceptions

The Chief Executive Officer has the ability to set appropriate levels of delegation to Directors, Managers and staff for purchasing and entering into contracts.

#### **2.4.2.2. Chief Executive Officer**

Tender recommendations and contract approval for expenditure up to \$149,999 for goods and services, and \$199,999 for building and construction works.

### **2.4.3. Decisions Reserved for Council**

Commitments and processes which must be approved by Council are:

- tender recommendations and contract approval for all expenditure exceeding \$150,000 for goods and services, and \$200,000 for building and construction works (or such other amounts as defined by the Act).
- contract variations on the above contracts that seek to increase the total contract sum (including provisional amounts) by greater than 15% the variance must be referred to council for approval.

## **2.5. Internal Controls**

The Council will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end;
- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring and performance measurement.

## **2.6. Commercial Information**

Procurement activities will be carried out in a way that supports Council staff in meeting their obligations to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with relevant Council guidelines.

## **2.7. Risk Management**

### **2.7.1. General**

Risk management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

### **2.7.2. Supply by Contract**

The provision of goods, services and works by contract potentially exposes Council to risk. Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring bank guarantees and or retentions where appropriate;
- referring specifications to relevant experts;
- requiring contractual agreement before allowing the commencement of work;
- use of or reference to relevant Australian Standards (or equivalent); and
- effectively managing the contract including monitoring and enforcing performance.

## **2.8. Contract Terms**

All contractual relationships must be documented in writing based on standard terms and conditions where possible.

Where this is not possible, approval must be obtained from the appropriate member of Council staff listed in the Council Delegations.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and thus must be authorised by the appropriate member of Council staff listed in the Council Delegations.

## **2.9. Endorsement**

Council staff must not endorse any products or services. Individual requests received for endorsement must be referred to Director level or above.

## **2.10. Dispute Resolution**

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes getting out of hand and leading to legal action.

## **2.11. Category Management**

The Council has a category management approach to procurement which brings together expertise from across the Council to identify the most appropriate and effective approach to deliver the Council's outcomes through sourcing and supply arrangements.

The main objective of category management is to reach a point where all or a very high percentage of the Council's spend within a category is being channelled through approved arrangements, aligned with strategic priorities such that value is maximised on every dollar of expenditure.

## **2.12. Contract Management**

The purpose of contract management is to ensure that Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system monitoring and achieving the responsibilities and obligations of both parties' under the contract;

- providing a means for the early recognition of issues and performance problems and the identification of solutions; and
- adhering to Council's Risk Management Framework and adhering to relevant Occupational Health and Safety Contractor Compliance Procedures.

All Council contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council receives value for money.

### **3. Demonstrate Sustained Value**

#### **3.1. Integration with Council Strategy**

Council's procurement strategy shall support its corporate strategy, aims and objectives, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community such as:

- feeling safe,
- living in a clean and pleasant environment, and
- receiving good quality and well managed Council services that are value for money.

#### **3.2. Achieving Value for Money**

##### **3.2.1. Requirement**

Council's procurement activities will be carried out on the basis of obtaining value for money. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinate of value for money.

##### **3.2.2. Approach**

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- effective use of competition;
- using aggregated contracts where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- developing cost efficient tender processes including appropriate use of e-solutions;
- Council staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

##### **3.2.3. Role of Specifications**

Specifications used in quotations, tenders and contracts are to support and contribute to Council's value for money objectives through being written in a manner that:

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

### **3.3. Performance Measures & Continuous Improvement**

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

Internal service standards will be agreed within the Council and performance against these targets will be measured and reviewed regularly to support continuous improvement.

The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance.
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers.
- Facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

### **3.4. Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts. This means the Council maximising the benefits of the services they provide across the community and minimising the negative aspects of their activities.

The Council integrates CSR into its organisational policies and practices through social procurement, sustainability and diversity.

#### **3.4.1. Social Procurement**

Social Procurement generates positive outcomes by building on initiatives already undertaken by Council in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of Council. Council is committed to Social Procurement by:

- Ensuring all procurement practices are sustainable and strategically aligned with the wider Council objectives
- Achieving greater value for money across the community through the use of effective procurement
- Ensuring all businesses have the same opportunity to tender for Council contracts
- Enhancing partnerships with other Councils, suppliers and community stakeholders
- Building and maintaining a strong community by exploring ways to generate local employment and further strengthening the local economy
- Purchasing ethical and fair trade goods to support equitable, local, national and international trade.

### **3.5. Sustainable Procurement**

Within the context of purchasing on a value for money basis, Council is committed to adopting a sustainable procurement approach.

In addition, the Council recognises the potential impact this spend has on the environment and where applicable will integrate sustainability, environmental and social issues into the procurement process including:

- waste management;
- recycling;
- energy management;
- emission management;
- water conservation;
- green building design; and
- procurement.

### **3.6. Diversity**

Promoting equality through procurement can improve competition, best value, the quality of public services, satisfaction among users, and community relations. It should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

### **3.7. Support of Local Business**

Where purchases can be justified within the context of value for money, Council is committed to procuring from local business.

## **4. Apply a Consistent & Standard Approach**

Council will provide effective and efficient commercial arrangements for the acquisition of goods and services.

### **4.1. Standard Processes**

Council will provide effective commercial arrangements covering standard products and provision of standard services across Council to enable employees to source requirements in an efficient manner.

This will be achieved via establishing the following:

- Pricing where relevant
- Processes, procedures and techniques
- Tools and business systems (e.g. implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements)
- Reporting requirements
- Application of standard contract terms and conditions

## **5. Build & Maintain Supply Relationships**

Council recognises that in order to achieve continuous value, a strategic assessment of the appropriate 'channel to market' should be undertaken, whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements, or other means. Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

### **5.1. Developing & Managing Suppliers**

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Council's services and works requirements.

Council need to interact with the market and our suppliers in particular to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. At the same time Council will ensure that our relationship with strategic suppliers is mutually productive and that goals are shared. Council aims to develop a relationship with suppliers that creates mutually advantageous, flexible and long term relations based on the quality of performance and financial savings.

### **5.2. Supply Market Development**

A wide range of suppliers should be encouraged to compete for Council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Local businesses
- Green suppliers

- Small to medium sized enterprises (SME's)
- Social enterprises
- Ethnic and minority business
- Voluntary and community organisations

Whenever practicable however, Council must give effective and substantial preference to contracts for the purchase of goods, machinery or material manufactured or produced in Australia or New Zealand.

### **5.3. Relationship Management**

The Council is committed to developing constructive long term relationships with suppliers. It is important that the Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- Size of spend across the Council
- Criticality of goods / services, to the delivery of the Council's services
- Availability of substitutes

### **5.4. Communication**

External communication is very important in ensuring a healthy interest from potential suppliers and partners to Council. The external website will be updated and provide:

- A list of existing and forthcoming contract opportunities, projected over a number of years.
- Guidelines for doing business with Council.
- Standard documentation used in the procurement process
- Links to other relevant sites.

### **6. Continual Improvement**

Council endeavours to continually improve its procurement performance such that all relevant policies, guidance and training are continually reviewed and updated. The effectiveness of this approach will be measured and reported upon annually.