



Procurement Policy 2021

Purpose

This Procurement Policy is made under Section 108 of the *Local Government Act 2020* (the Act). The Act requires each Council to:

- Prepare and adopt a procurement policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services and carrying out of works by the Council; and
- Review its procurement policy at least once during each 4-year term of the Council.

Governance Principles

This policy gives effect to the following overarching governance principles outlined in Section 9(2) of the Act:

- Council decisions are to be made and actions taken in accordance with the relevant law;
- Priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- The economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
- The municipal community is to be engaged in strategic planning and strategic decision making;
- Innovation and continuous improvement is to be pursued;
- Collaboration with other Councils and Governments and statutory bodies is to be sought;
- The ongoing financial viability of the Council is to be ensured;
- Regional, state and national plans and policies are to be taken into account in making strategic planning and decision making;
- The transparency of Council decisions, actions and information is to be ensured

This Policy also takes into account the following supporting principles defined in Section 9(3) of the Act:

- The community engagement principles;
- The public transparency principles
- The strategic planning principles;
- The financial management principles; and,
- The service performance principles

Note that definition abbreviations necessary to interpreting this policy can be found in Appendix 1.

Scope

This Policy covers all contracting and procurement activities at the Council and applies to Councillors and Council Staff.

It is recognised this will enhance the achievement of the Council's objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining value for money, leading to a better result in the provision of goods, services and works for the benefit of the community.

The Council must comply with this Procurement Policy before entering into a contract for the purchase of goods or services or the carrying out of works.

Objectives

This Policy is consistent with the requirements of S108(2) of the Act and will:

- Promote open and fair competition and provide value for money;
- Provide clear guidelines to the Council to allow consistency and control over procurement activities;
- Demonstrate accountability to ratepayers and residents;
- Guide ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement concerning social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the and improve outcomes for the municipal community when procuring goods and services, and delivering works, and

- Promote collaborative procurement

These objectives will be achieved by requiring that the Council's contracting, purchasing and contract management activities:

- Support the Council's corporate strategies, aims and objectives;
- Span the whole life cycle of an acquisition and take sustainability considerations into account;
- Achieve demonstrable value for money;
- Are conducted in, and demonstrate, an impartial, fair and ethical manner;
- Seek continual improvement through innovative and technological initiatives, and
- Generate and support Local Businesses through inclusion wherever practicable

Legislative context

The Council's procurement activities will comply with the relevant legislation and requirements listed in Appendix 2.

Related policies and documents

Purchasing Tendering and Contract Management Procedural Guidelines

1. Effective Legislative and Policy Compliance and Control

1.1 Ethics and Probity

- **Requirement**

The Council's procurement activities shall be performed in an open, transparent, and ethical manner with demonstrated integrity, fairness and accountability that meets relevant legal requirements.

All tender processes shall be conducted in accordance with the requirements of this Procurement Policy and any associated procedures, relevant legislation, relevant Australian Standards, Commercial Law and *the Act*.

- **Conduct of Councillors and Council Staff**

Councillors and Council Staff shall always conduct themselves in accordance with the Councillor Code of Conduct or the Staff Code of Conduct respectively, will perform their duties ethically and with integrity, and must:

- Treat potential and existing suppliers with equality and fairness;
- Not use their position to seek or receive personal gain in procurement matters;
- Maintain confidentiality of Commercial in Confidence information;
- Present the highest standards of professionalism and probity;
- Afford suppliers and tenderers with the same information and an equal opportunity to tender or quote for goods, services and works contracts;
- Be able to account for all decisions and demonstrate and provide evidence of the processes followed;
- Not perform any work under any Council contracts they are supervising i.e. Council Staff cannot also work for the relevant supplier;
- Query incidents, decisions or directions that appear to contradict or deviate from Council's standards of ethics or probity or established policies and procedures; and
- Ensure that this Procurement Policy and Council's Procurement guidelines are adhered to in relation to any expenditure of Council funds.

- **Conflict of Interest**

Councillors and Council Staff shall always avoid situations that may give rise to an actual or perceived conflict of interest. A conflict of interest may be a 'general' or a 'material' conflict of interest.

Councillors and Council staff are considered to have a general conflict of interest in a matter if an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner that is contrary to their public duty.

A member of Council Staff has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. The benefit or loss may be direct or indirect and pecuniary or non-pecuniary. Affected persons include, among others, the member of Council Staff and their family members.

Council Staff involved in the procurement process, in particular preparing tender documentation, writing tender specifications, opening tenders, participating in tender evaluation panels, preparing a recommendation report; and Councillors and Council Staff awarding tenders must:

- **Avoid** conflicts of interest, whether material or general or actual, potential or perceived;
- **Declare** that they do not have a conflict of interest in respect of the procurement. All parties participating in tender evaluation panels must complete a Conflict of Interest declaration prior to participating in a Tender Evaluation. Council Staff must declare any actual or perceived conflicts in line with Council's internal processes for reporting conflicts of interest; and
- **Observe** prevailing Council and Government guidelines 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.

- **Fair and Honest Dealing**

All prospective contractors and suppliers must be treated impartially and afforded an equal opportunity to tender or submit a quotation.

Any suspected improper conduct, including suspected fraud, corruption, substantial mismanagement of public resources, risk to public health and safety, risk to the environment, or detrimental action will be managed in accordance with Council's internal policies and processes.

- **Probity, Accountability and Transparency**

Accountability in procurement means being able to justify and provide evidence of the process followed. An independent third party must be able to see clearly that a process has been followed and that the process was fair and reasonable.

Council Staff must be able to account for all procurement decisions and ensure all procurement activities leave an audit trail for monitoring and reporting purposes.

All Tenders will set out prior to commencement the process which will be followed and include all mandatory and non-mandatory criteria as well as the evaluation criteria that will be used.

- **Gifts and Benefits**

No Councillor or member of Council Staff shall seek or accept any immediate or future reward or benefit in return for the performance of any duty or work for Council or where it could be reasonably perceived as influencing them or their position or undermining their integrity or the integrity of the process in some way.

Any gift or benefit offered to a Councillor or Council Staff will be managed in accordance with Council's internal policies and processes.

- **Disclosure of Information**

Commercial in Confidence information received by the Council and staff must not be disclosed and is to be stored in a secure location.

Councillors and Council Staff must take all reasonable measures to maintain confidentiality of:

- Information disclosed by organisations in tenders, quotation or during tender negotiations; and
- Commercial in Confidence information.

Councillors and Council Staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

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.

At no stage should any discussion be entered into which could improperly influence the procurement process or negotiation of a contract prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

- **Complaints & Reporting suspicious activities**

Complaints Handling

Members of the public and suppliers are encouraged to report known or suspected incidences of improper conduct to the CEO or Council's Public Disclosure Officer or Coordinator. Councillors and Council Staff will report and manage complaints in accordance with Council's Complaints Handling Policy.

Reporting Suspicious Activities

All Councillors, Council Staff and Council suppliers are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Council is committed to protecting all revenue, expenditure, and assets from any attempt to gain illegal or inappropriate benefits (financial or otherwise).

Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud. This will include confidentiality of identity and protection from harassment, to the extent possible.

Suspected improper conduct, offers of bribes, commissions and any other irregular approaches from suppliers, prospective suppliers or other individuals will be investigated and reported in accordance with Council's Fraud Policy.

The CEO must notify IBAC of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred in accordance with mandatory reporting requirements under the *Independent Broad-based Anti-corruption Commission Act 2011*.

1.2 Governance

- **Structure**

Council has delegated a range of powers, duties and functions to the CEO in relation to procurement. The delegation aims to ensure that the Council's procurement structure operates according to processes that:

- Offer flexibility to procure in a timely manner the diverse range of goods, works and services required by Council;
- Guarantee that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quotation; and
- Encourage competition and collaboration, even where the CEO runs a procurement process under delegation.

- **Methods**

Council's standard methods for procuring goods, services and works can be by any of the following:

- Purchase order following a quotation process from suppliers for goods or services that represent best value for money under the quotation thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council for the provision of services, goods or works in accordance with the Council's procurement thresholds and guidelines;
- Purchase under \$1000 where procurement proceeds without a purchase order
- Under contract following a quotation or tender process, inclusive of panel contracts;
- Using Collaborative Procurement Arrangements;
- Multi-stage tenders commencing with an EOI followed by a tender process;
- Under a sole-sourcing arrangement in line with the conditions contained in section Purchasing Cards; and
- Quotation waivers where the waiver meets the requirements as per the Quotation Form

- **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 funds must be used efficiently and effectively to procure goods, services, and works.

1.3 Procurement Thresholds and Competition

Council will invite offers from the supply market for goods, services, and works in accordance with the thresholds listed in Appendix 3.

- **Procurement Principles**

Council will apply the following fundamental best practice principles to procurement, irrespective of the value and complexity of that procurement:

- Value for money;
- Sustainability (social, economic and environmental);
- Open and fair competition;

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- Accountability;
- Risk management, and
- Probity and transparency
- **Procurement Methodology**

Section 108 of *the Act* details that each Council will set the public tender threshold above which tenders or expressions of interest for contracts must be publicly invited.

Appendix 3 sets out Councils Procurement methodology and expenditure thresholds

All monetary values stated in this policy exclude GST unless specifically stated otherwise.

- **Measures which intentionally avoid public tendering**

Measures which intentionally seek to avoid the requirement to give public notice – for example, contract splitting, placing multiple orders, seeking multiple quotations with a single supplier or engaging in effect a single supplier under different guises will be considered a breach to the requirement to call public tenders as per this Policy. When the intent is to avoid the appropriate procurement method for a planned spend this will be considered a breach of this Policy. Policy breaches or suspected breaches will be reported to the CEO.

- **Exemptions from Procurement Methods**

The following circumstances are exempt from the Procurement methods and thresholds outlined in Appendix 3.

Exemption Name	Explanation, limitations, responsibilities and approvals
1. Genuine emergency	<ul style="list-style-type: none"> • Where the works or services are required in response to an emergency (e.g. , significant risk to persons or property or provide a response to a natural disaster, declared emergency
2. Legislative Payments	<ul style="list-style-type: none"> • Payments with statutory/legislative requirements - e.g.: Payments to the ATO and the VEC

Exemption Name	Explanation, limitations, responsibilities and approvals
3. Payroll Expenses	<ul style="list-style-type: none"> • Superannuation • WorkCover and Injury Management related expenses • payroll deductions;
4. Council Investments	<ul style="list-style-type: none"> • Investments / term deposits;
5. Refunds	<ul style="list-style-type: none"> • Sundry refunds (e.g.: pension rate rebates, deceased animal refunds);
6. Councillor Expenses	<ul style="list-style-type: none"> • Mayor and Councillor allowances and expenses;
7. Property	<ul style="list-style-type: none"> • Property purchases and sales
8. Warranties	<ul style="list-style-type: none"> • Warranty renewals
8. A purchase from a contract made by another government entity, government-owned entity or other approved third party	<ul style="list-style-type: none"> • This general exemption allows engagements: <ul style="list-style-type: none"> ○ With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or ○ In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA).

Exemption Name	Explanation, limitations, responsibilities and approvals
9. Extension of contracts while Council is undertaking procurement activities for a new contract	<ul style="list-style-type: none"> • Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected. • This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.
10. Professional services unsuitable for tendering	<ul style="list-style-type: none"> • Legal Services. • Insurance. • Probity Services.
11. Novated Contracts	<ul style="list-style-type: none"> • Where the initial contract was entered into in compliance with <i>the Act</i> and due diligence has been undertaken in respect to the new party.
12. Community Grants	<ul style="list-style-type: none"> • Grants awarded to Council to deliver Community and Council Projects
13. Information technology resellers and software developers	<ul style="list-style-type: none"> • Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.
14. Regional Waste and Resource Recovery Groups	<ul style="list-style-type: none"> • Situations where a Regional Waste and Resource Recovery Group constituted under the <i>Environment Protection Act 1970</i> had already conducted a public tender for and on behalf of its member councils.

Exemption Name	Explanation, limitations, responsibilities and approvals
15. Operating Leases	<ul style="list-style-type: none"> Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.
16. Specialist works and services	<ul style="list-style-type: none"> whereby the purchase of an alternate provider is untenable for Council due to the presence of patents, IP and other stipulations necessitating Council to replace current systems or infrastructure with no allowable budget (ie: upgrades, licensing, enhancements and maintenance on existing IT systems, municipal access keys, specialised replacement parts for fleet or plant etc)
17. Utility Services	<ul style="list-style-type: none"> utilities and non-contestable services and work undertaken by and on behalf of utility and service owners including water, electricity, gas and other energy based services, telecommunications and ISPs whereby the infrastructure is owned and managed by a particular party;
18. Ownership of Assets	<ul style="list-style-type: none"> The marketplace is restricted by statement of license or third-party ownership of an asset (excluding public utility plant); or
19. Arts	<ul style="list-style-type: none"> procurement of works of art; Including individual / groups of artists and / or shows, defined as forms of creative activity that are performed in front of an audience, such as drama, music and dance
20. Contracts for regional and public libraries	<ul style="list-style-type: none"> This exemption allows Council to enter into agreements with, including the provision of funding to or procuring services from, regional libraries established under section 196 of the Local Government Act 1989 (Vic) and any entity or entities established to replace them to deliver public library services (as required under the Local Government Act 2020 (Vic)).

Exemption Name	Explanation, limitations, responsibilities and approvals
21. Insufficient Quotes	<ul style="list-style-type: none"> Where it can be demonstrated that the market has been approached as per the Quotation thresholds and the number of quotes cannot be obtained

- **Contract Variations**

All contract variations must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. This will depend on factors like:

- The monetary value of the proposed variation, i.e. the value of the variation in the context of the thresholds fixed by the Procurement Policy; and
- The subject matter of the proposed variation, and whether it is consistent with the scope of the original contract
- Contract variations are to be approved by the Financial Delegate or Superintendent for the value of the individual variation. The Delegate must also ensure that budget is approved for the variation.
- For contracts over \$300,000, when the accumulated variation value for a contract will exceed 20% of the initial awarded contract value, the Contract Manager or Manager must advise the relevant Director. Approval must be sought from the Director to proceed with the variation, and that any future variations can still be approved by the Financial Delegate or the Superintendent for each variation amount. The Director must also ensure budget is approved for all variations.

- **Commercial or Retail Leases**

The Council must comply with this Procurement Policy before entering into a contract for the purchase of goods or services (including entering a commercial or retail lease as landlord greater than \$25,000 per annum) or the carrying out of works.

A Probity Advisor will be appointed for commercial or retail leases greater than \$250,000.

- **Appointment of a Panel of Tenderers**

One of the valid outcomes of a public tender process is the appointment of a panel of tenderers to promote security of supply. This is most likely to be the case where Council requires a range of services to be performed. The subsequent use of quotes for goods, services or works packages further promotes competition and value for money. Quotes on a job by job basis must be undertaken where the works are likely to exceed \$100,000 (ex GST), quotes are to be sought from those on the Panel. Where it is likely that requesting prices from outside the panel will result in better value for money i.e. larger projects, Council Officers should seek prices

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outside the panel in line with the thresholds set out in the Procurement Methods Matrix Appendix 3. Works where it can be clearly demonstrated are within the scope of the Panel Contract and are above the CEO's delegation will require approval by Council as per the Instrument of Financial Delegations.

- **Public Tender Requirements**

All public tenders invited by the Council will be published via Council's eTendering Portal and may be advertised in the media.

Information regarding Current Tenders and Awarded Tenders will be published on Council's website.

- **Tender Evaluation**

A tender evaluation panel will be established to evaluate each tender submission against the tender's selection criteria. Tender evaluation panels can include external personnel in order to ensure the best outcome for a procurement activity and must comprise of at least 3 persons as well as a chairperson, which will be a team member from Procurement.

A Request to Initiate a Quote/Tender Form will be completed and approved and strictly adhered to by that panel and the application of a pre-approved and robust weighted scoring system, and must be completed and signed off prior to the tender or quotations closing.

- **Evaluation Criteria**

The Council will set a minimum

The Council *may* include the following evaluation criteria categories to determine whether a proposed contract provides value for money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act);
- Tendered price;
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the goods and/or services and/or works; and
- Demonstration of sustainability; and
- A weighting of 10% is applied to all tenders for support of the local economy and local Business.

- **Independent Financial Checks**

Council Officers in consultation with the Evaluation Chair may choose to receive an independent financial check from a third party, particularly where the contract is high value, high risk or the Contractor/Supplier is unknown to Council.

- **Probity Auditor**

A formal probity plan will be developed, and a probity auditor appointed in the following circumstances:

- Where the proposed Total Contract Sum exceeds \$2.5 million over the life of the contract or for a lesser value set by Council from time to time; and/or
- Where a proposed contract is considered by Council or the CEO to be particularly complex, of high risk or controversial nature, and requiring a high level of public confidence.

A probity auditor may be appointed to *any* procurement process and may be appointed to oversee the evaluation process.

Where it's considered that the project is of low complexity and risk approval can be sought from a Director to proceed with the Procurement without appointing a Probity Auditor

- **Shortlisting and Negotiations**

Council may conduct a shortlisting process during EOI, tender and quotation processes. Shortlisting can be based on any criterion or criteria but only in pursuit of the most advantageous outcome for the Council.

Shortlisted tenderers may be invited by the Council to submit a best and final offer in relation to all or certain aspects of their respective tenders.

Once one or more preferred tenderers are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements within the original scope and intent of the tender. Probity requirements apply to all negotiations.

- **Collaborative Procurement**

In accordance with section 108(3)(c) of *the Act*, Council will seek to collaborate with other Councils and Public Bodies through their various networks. Other networks in which Council officers are engaged may also provide collaboration opportunities depending on the procurement opportunity being considered.

Collaboration will be sought where it can be demonstrated that the value for money proposition will be improved by the scaling up of the opportunity with the inclusion of other Councils and Public Bodies. Value For money, in regard to collaboration, will consider the relative cost reductions achieved by the scaling up of the opportunity in comparison to any additional costs incurred such as delays to accommodate timing differences between Councils, the multi-

party contract management regime imposed, and the contractual complexities incurred such as handling of securities and early contract withdrawal by one or more parties.

Collaboration will be sought by email request to the Procurement representative of each Gippsland RPEN or each Council inviting their interest in collaborative participation. Relevant opportunities will also be communicated with other networks and government bodies on a per opportunity basis.

In accordance with section 109(2) of *the Act*, each report to Council recommending entering into a procurement agreement, will include information relating to the opportunities for collaboration.

1.4 Delegation of Authority

Delegations define the limitations within which Council Staff are permitted to commit Council to the procurement of goods, services or works and the associated costs. The Instrument of Delegation allows specified Council Staff to undertake certain purchases, quotations, tender, and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Council has delegated responsibilities relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotations and tenders and contract management activities to the CEO. The CEO has further delegated some of those responsibilities to other members of Council Staff, subject to specified conditions and limitations.

1.5 Internal Controls

The CEO 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 the authorisation and management of a transaction from end to end;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented;
- Systems are in place for appropriate monitoring and performance measurement; and
- A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the Chief Financial Officer

1.7 Endorsement

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Council Staff must not publicly endorse any products or services without the permission of the relevant Director or the CEO.

1.8 Dispute Resolution

Where relevant, all Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

1.9 Contract Management

In order to continually improve its procurement and contract management processes and outcomes, Council will evaluate and seek to improve on all aspects of procurement and contract management, in accordance with its documented procurement processes and Contract Management Guidelines.

Council contracts are to include contract management requirements commensurate with the complexity of the procurement. 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, and therefore the community receives value for money.

Council awards some contracts that are strategically critical and of relatively high value.

Council may provide additional senior oversight to the management of such significant contracts.

2 Demonstrate Sustained Value

2.1 Achieving Value for Money

- **Requirement**

The 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 as well as acceptable quality, reliability, and delivery considerations. Lowest price is not the sole determinant of Value for Money.

- **Approach**

This will be facilitated by:

- Achieving continuous improvement in procurement activity;
- Developing, implementing and managing processes that support the co-ordination and streamlining of activities throughout the procurement lifecycle;
- Effective use of competition;

- Using existing Council contractual arrangement or Collaborative Procurement Arrangements where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- 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, productive, and are appropriate to the value and importance of the goods, services and works being acquired.

Cumulative Spend Thresholds

Council will monitor cumulative spend with suppliers at least annually. If expenditure with a supplier or a number of suppliers providing similar goods, services or works is ongoing in nature and the cumulative spend is likely to exceed the thresholds outlined in this Policy over a three year period, then Council will review the opportunity to pursue a contract for such goods or services through a competitive process.

2.2 Support of the Local Economy and Local Business

Council recognises that it is a major purchaser of goods, services, design and construct works within the municipality, and is keenly aware that its procurement policies, practices and processes have the potential to influence the local economy.

Council recognises the benefits of purchasing locally and is committed to increasing and promoting a sustainable Baw Baw Shire economy. To achieve this, Council will use its best endeavours to support the local community including business and industry within the Baw Baw Shire, and maximise local opportunities by means that are consistent with achieving demonstrated sustained value. Requesting quotations or tenders from within the local community is highly encouraged and is to be balanced with suppliers further afield to ensure open and effective competition.

Value for Money (refer Definitions) is the expected outcome for each procurement activity, resulting in the best possible outcome for Baw Baw. Further to this, Council recognises the benefits for purchasing within the Gippsland region, and where possible Council will use its best endeavours to support the region. Council will seek from prospective suppliers the financial and social contribution they will make to the Baw Baw Shire region and the wider Gippsland region.

A weighting of 10% is applied to all tenders for support of the local economy and local business. The criteria assessment will consider:

- Locally sourced – materials and consumables;
- Engaging locals – businesses, subcontractors, community;
- Employing locals – trade skills, apprentices, indigenous, disadvantaged groups;
- Enable business expansion, growth and servicing; and o Contribution – to local clubs, groups, community.

Increasing weighting for Local Content Where a project or services being procured could potentially create significant financial or social benefit to the Baw Baw Region consideration should be given to increasing the local content weighting.

2.3 Sustainable Procurement

- **Sustainable procurement definition**

Sustainable procurement involves decision making that has the most positive environmental, social, and economic impacts possible across the entire lifecycle of goods, services and works.

- **Applying sustainable procurement in Council**

The Council commits to applying the principles of sustainability to its decision-making and activities.

Council demonstrates sustainable procurement by:

- Being accountable for its impacts on society, the economy and the environment including the impacts of the organisation's supply chain;
- Examining anticipated organisational, project and/or community needs;
- Continually improving sustainability specifications, practices, and outcomes, and
- Planning and undertaking sustainability evaluations as part of contracting activities.

- **Principles and objectives**

As part of Council's commitment to Sustainable Procurement Council commits to

- Applying specific principles of sustainability to its decision-making and activities, and
- Focusing on specific Economic, Environmental and Social objectives.

The following economic, environmental, and social objectives have been determined in line with these principles.

Area	Principles	Objectives
Economic	<p>Council is committed to procurement that supports Local Business and economic diversity</p> <p>Where practicable and applicable Council will give preference to goods manufactured or produced in Australia and will actively seek quotations and tenders from Local Businesses in the Gippsland Region.</p> <p>Sustainable Procurement will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • Ensuring accountability and transparency; • Ensuring Value for Money outcomes; • Ensuring open and effective competition, and development of competitive Local Business and industry; • Fostering innovation and emerging sectors; and • Considering life cycle costs. 	<p>Council's economic sustainability approach aims to:</p> <ul style="list-style-type: none"> • Achieve Value for Money on a whole of life (including disposal) basis, rather than just initial cost; • Consider broader life cycle impacts of products procured; • Ensure probity and accountability in the procurement process; • Commit to sourcing locally as • Build relationships with Local Business and encourage procurement from them to help build their capacity; and • Increase local employment.
Environmental	<p>Where applicable Council will purchase goods, services and works that reduce air, water and soil pollution, greenhouse gas emissions, waste production, natural resource depletion and biodiversity depletion whenever they present an acceptable Value for Money outcome.</p> <p>Council's sustainable procurement strategies will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • Considering a product's or asset's lifecycle, including whether appropriate methods 	<p>Council's environmental sustainability and approach aims to:</p> <ul style="list-style-type: none"> • Improve energy efficiency; • Reduce greenhouse gas emissions and contribution towards Council's carbon footprint; • Minimise waste production; • Improve water efficiency; • Reduce air, water and soil pollution; • Reduce biodiversity impacts; and • Increase the use of recycled materials to: <ul style="list-style-type: none"> ○ Reduce demand for raw

Area	Principles	Objectives
	<p>of disposal/decommissioning are readily available;</p> <ul style="list-style-type: none"> • Promoting circular economy participation; • Encouraging innovation through specifications; and • Engaging suppliers who are also committed to reducing their environmental impact. 	<p>materials and non-renewable resources; and</p> <ul style="list-style-type: none"> ○
Social	<p>Council is committed to building stronger communities and meeting social objectives which benefit the municipality and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes.</p> <p>Council's Social procurement will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • An understanding of the socio-economic issues affecting the community; • Creation of training and employment opportunities for unemployed or disadvantaged residents and ratepayers in Council's municipality to address local socio-economic issues; • Promotion of equity, diversity, and equal opportunity; and • Respect for human rights. • Uphold the rights of children and young people 	<p>Council's social sustainability approach aims to:</p> <ul style="list-style-type: none"> • Ensure vendors do not exploit workers and provide fair wages, including inclusive business practices; • Maintain a social procurement program to increase social procurement spend • Ensure sourced products are accessible by all segments of the community; • Increase employment opportunities for indigenous people, people with a disability, disadvantaged people and long term unemployed; • Improve gender equity; and • Prevent, detect and remove modern slavery from Council's supply chain. • Compliance with child safe standards and practices where child safety is relevant to the contractors activities to promote the safety of children, prevent child abuse • Ensure organisations have processes in place to respond to and report all allegations of child abuse

3 Build and Maintain Supply Relationships

3.1 Managing Suppliers

Council recognises the importance of effective and open working relationships with its suppliers and is committed to managing existing suppliers via performance measurements to ensure the benefits negotiated through contracts are delivered.

3.2 Supply Market Development

A wide range of suppliers are 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:

- Green suppliers;
- Local, small to medium sized enterprises (SMEs) and Social enterprises;
- Ethnic and minority businesses; and
- Volunteer and community organisations.

4 Policy Key Linkages and Governance

4.1 Standards and Linkages

The Council's procurement activities shall be carried out to the professional standards in accordance with best practice and in compliance with the Act and applicable policies, procedures including Codes of Conduct for Councillors Council Staff and suppliers.

Compliance will be monitored by the Council's Procurement Team and minor issues identified will be addressed by Council Staff in leadership positions. Where required, serious compliance issues will be reported by the CEO to the Audit and Risk Committee and Council.

This Policy will help guide Council's work delivered through Council's key plans, strategies and policies.

4.2 Policy Review Process

In accordance with the Act, Council will review its Procurement Policy at least once during each 4-year term of the Council.

4.3 Policy Enquiries and Contact Details

For further information on this policy, please contact Council's Procurement Team via email to procurement@bawbawshire.vic.gov.au

Appendix 1 Definitions and Abbreviations

Term	Definition
Act	<i>Local Government Act 2020.</i>
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Procurement Australasia, Municipal Association of Victoria (MAV), Gippsland Region Group of Councils or a local government entity, for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale.
Commercial in Confidence	Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g. prices, discounts, rebates, profits, methodologies, and process information, etc.
Contract Management	The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the contract objectives and provide Value for Money.
Council	The Baw Baw Shire Council organisation, including Councillors and Council Staff.
Councillors	Council's elected representatives (the Mayor and Councillors) or Administrator(s) appointed to act in this capacity.
Council Staff	Includes all Council officers, temporary employees, contractors, volunteers and consultants while engaged by Council.
IBAC	The Independent Broad-based Anti-corruption Commission
Local Business	A commercial business with an operational premises that is physically located within the municipal borders of the Baw Baw and Gippsland Regions.
Pecuniary	Pecuniary interest arising from the procurement shall mean a personal interest in a contract
Probity	Within government, the term "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.

Term	Definition
Probity Auditor	A contractor who provides the Chief Executive Officer with an independent and appropriate sign-off on probity requirements generally at the end of the procurement process
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.
Schedule of Rates Contract	A standing offer arrangement based on a Schedule of Rates contract that sets out rates for goods and services which are available for the term of the agreement but without a commitment to purchase a specified value or quantity of goods or services.
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 via public advertisement to submit an offer by tender followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with pre-determined evaluation criteria.
Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract; • applicable goods and services tax (GST); • anticipated contingency allowances or variations, and • all other known, anticipated and reasonably foreseeable costs.
Value for Money	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, service and support, and • 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.

Appendix 2 – Legislative context

The Council's procurement activities will be carried out to the professional standards required by best practice and will comply with the relevant requirements:

- *Local Government Act 2020*;
- Employee Code of Conduct;
- *Protected Disclosure Act 2012*;
- *OH&S Act 2004*;
- Baw Baw Shire Council Plan;
- Timber Encouragement Policy;
- Information Management Policy;
- Risk Management Policy;
- Council Fleet Policy;
- Council Timber Encouragement Policy
- Local Government Procurement Best Practice Guidelines;
- *Competition and Consumer Act 2010*;
- Victorian Local Government Best Practice Procurement Guidelines;
- Election Caretaker Period Policy and Procedures;
- Australian Standards Code of Tendering AS4120;
- Fraud Policy;
- Performance and Behaviour Management Policy;
- Public Transparency Policy;
- Community Engagement Policy;
- other relevant legislative requirements such as but not limited to the *Trade Practices Act, Goods Act, Fair Work Act 2009, Working with Children Act 2005, Working with Children Regulations 2016 and the Environment Protection Act 2017*; and
- *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Appendix 3

Estimated expenditure (excluding GST)	1 Verbal quote	1 Written quote	2 Written quotes	3 Written quotes	Public tender (open)	Accepted commitment method	Record keeping requirement
Transaction limited by holders Purchase Card	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Purchase card	Transaction receipt kept locally
Up to \$1,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Purchase order NOT required	Records kept in Finance System
\$1,000 + to \$10,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Purchase order required	Quotations/evidence kept in Finance System
\$10,000+ to \$25,000	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Purchase order required	Quotations/evidence kept in Finance System
\$25,000+ to \$200,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Purchase order required	Quotations/evidence kept in Finance System
\$200,000 Goods and Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Managed by Procurement	Tender Recommendation kept in Finance System
\$300,000 + Works	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Managed by Procurement	Tender Recommendation kept in Finance System

Approval date	Insert date
Approval authority	Council or executive
Effective from	Insert date
Review term	Annual or Council term
Next review date	Insert date
Responsible position	Insert position title
Responsible Director	Insert position title
Version	Insert number