

Procurement

COUNCIL POLICY NO. 109

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2. DEFINITIONS AND ABBREVIATION

Term	Definition
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Procurement Australia (PA), Municipal Association of Victoria (MAV), Loddon Mallee Procurement Network 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.
Conflict of Interest	Where private interests conflict with public duty.
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.
Contractor	A person or entity that works to provide a service or product for the benefit of the engaging principal.
Council	The Gannawarra Shire Council, 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 and temporary employees, contractors, volunteers and consultants while engaged by Council.

Term	Definition
IBAC	The Independent Broad-based Anti-corruption Commission
Indigenous Business	A business that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s) (consistent with Supply Nation's definition). https://supplnation.org.au/benefits/indigenous-business/
Local Business	A commercial business with an operational premises that is physically located within the municipal boundary.
Loddon Mallee Procurement Network (LMPN)	Network Group comprising the following 10 municipalities: Buloke Shire Council, Campaspe Shire Council, Central Goldfields Shire Council, City of Greater Bendigo, Gannawarra Shire Council, Loddon Shire Council, Macedon Ranges Shire Council, Mildura Rural City Council, Mount Alexander Shire Council and Swan Hill Rural City Council.
Preferred Supplier Panels	Panels of suppliers or vendors who are able to supply goods and services, including the carrying out of works. Panels are based on categories such as trade services and plant hire. Panels mean that Council staff are able to request a quotation (from suppliers on the panel) without publicly inviting tenders (noting that the number of quotations requested still needs to be compliant with the policy). Preferred Supplier Panels are also known as Approved Supplier Lists or Approved Contractor Lists.
Procurement Principles	The fundamental propositions or forces that serve as the foundation for the policy and will govern procurement practices and decision making.
Probity	The practice of acting fairly and ethically.
Procurement	The process of acquisition of external goods and services, including the carrying out of 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.
Public Advertising	Public Advertising is through eTendering Portal(s) and regular newspaper column, the Gannawarra News.
Schedule of Rates Contract	A standing offer arrangement 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 those goods or services.
Social Economic Benefit	The positive impacts on people, places or communities generated through procurement practices.
Suppliers	Any organisation which supplies goods or services to Council including but not limited to, contractors, subcontractors, manufacturers, wholesalers, retailers and consultants.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Sustainable procurement	The environmental, social and economic impact of purchasing decisions across the entire lifecycle of goods, services and works.
Tender Process	The process of inviting parties from either a select list or via public advertisement to submit an offer by tender, followed by evaluation of submissions and selection of a successful tenderer in accordance with pre-determined evaluation criteria.

Term	Definition
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; • anticipated contingency allowances or variations; and • all other known, anticipated and reasonably foreseeable costs.
Value for Money	<p>Involves the supply of goods and services, including the carrying out of works taking into account :</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 • whole-of-life costs.
Volunteer	<p>An individual who gives their time to undertake unpaid activities. This includes Community Asset Committee members and people helping with services such as Meals on Wheels.</p>

3. OVERVIEW

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 the carrying out of works by the Council; and
- Review its procurement policy at least once during each 4-year term of the Council.

This Policy has been developed collaboratively with the LMPN with a view to facilitating smooth collaborative procurement processes, consistent with *the Act*.

4. APPLICABILITY

This Policy applies to all Council procurement activities undertaken by Councillors, Council Staff, volunteers and contractors.

5. 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;
- Provide guidance on ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the municipal community when procuring goods and services; and delivering works, and
- Promote collaborative procurement.

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

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

6. APPLICATION OF GST

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

7. EFFECTIVE LEGISLATIVE AND POLICY COMPLIANCE AND CONTROL

7.1 Ethics and probity

7.1.1 Requirement

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.

7.1.2 Conduct of Councillors and Council Staff

Councillors and Council staff shall at all times conduct themselves in ways that are 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 equally and fairly;
- 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;

7.1.3 Conflict of Interest

Councillors and Council Staff shall at all times avoid situations which may give rise to a conflict of interest.

For the purpose of this policy 'general conflict of interest' and 'material conflict of interest', have the meanings specified in sections 127 and 128 of the Act.

Councillors and staff will comply with all the provisions of the Act, Code of Conduct(s) and Governance Rules in regard to Conflicts of Interest.

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;
- **Declare** if they have a conflict of interest in respect of the procurement. Council staff participating in tender evaluation panels must complete a Conflict of Interest declaration. Council Staff must declare

any general or material 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.

7.1.4 Fair and Honest Dealing

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 should be managed in accordance with Council's internal policies and processes.

7.1.5 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.

7.1.6 Gifts and Benefits

Any gift or benefit offered to a Councillor or member of Council staff will be managed in accordance with the Code of Conduct(s), Council Policy No. 144 - Councillor Gifts and Council's internal policies and processes.

Councillors and Council staff, particularly contract supervisors must not knowingly engage a Council supplier for private benefit unless that engagement is on proper commercial terms.

7.1.7 Disclosure of Information

Commercial in confidence information received by Council 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 and quotations or during tender negotiations; and
- Commercial in confidence information.

Councillors and Council staff must 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.

7.1.8 Complaints and reporting suspicious activities

Complaints Handling

Members of the public and suppliers are encouraged to report known or suspected incidences of improper conduct. Councillors and Council staff will manage and report on complaints in accordance with Council's Complaint 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 will handle all suspicious activities in accordance with its policies and procedures including Complaint Handling, Fraud and Corruption and Public Interest Disclosure, and legislative requirements under the *Independent Broad-based Anti-corruption Commission Act 2011*.

7.2 Governance

7.2.1 Methods

Council's standard methods for procuring goods and services, including the carrying out of works shall be by any of the following:

- Purchase order that represents best value for money under the quotation process, from suppliers for goods or services under the thresholds adopted by Council. An approved purchase order must be created prior to committing expenditure on behalf of Council;
- Under contract following a quotation or tender process;
- Under a Preferred Supplier Panel
- Using collaborative procurement arrangements;
- Multi-stage tenders commencing with an Expression of Interest (EOI) followed by a tender process;
- Corporate Purchase Cards;
- Petty Cash

unless other arrangements are authorised by Council or exercised under appropriate delegated authority on an 'as needs' basis, as required by abnormal circumstances such as emergencies.

7.2.2 Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities. 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 and services, including the carrying out of works.

Council funds must be used efficiently and effectively to procure goods and services, including the carrying out of 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.

7.3 Procurement Thresholds and Competition

7.3.1 Thresholds

In every procurement activity all practicable efforts will be made to consider the sustainable procurement considerations as listed in Section 8.2.2

Council will invite offers from the supply market for goods and services, including the carrying out of works in accordance with the thresholds. Purchase of goods and services having a total value of up to \$200,000 may be undertaken using the procurement by quotation method as described below:

Value (GST exclusive)	Requirement
Up to \$2,000	Quotation desired, not mandatory
\$2,001 to \$4,999	One written quotation must be received and the details recorded in a document management system
\$5,000 to \$24,999	A minimum of two written quotations must be sought. Quotations received by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money. Details of the suppliers contacted and their quotations must be recorded in the document management system
\$25,000 to \$199,999	A request for quotation from three written quotations must be sought. Quotations received by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money. Details of the suppliers contacted and their quotations must be recorded in the document management system.
\$200,000 and over	Public tender process as detailed at 7.3.5

7.3.2 Exemptions to the Thresholds

The following circumstances are exempt from the general publicly advertised tender, quotation and expression of interest requirements.

- The CEO may approve ad-hoc exemptions in exceptional circumstances where it can be demonstrated that it is in the best interests of the community to do so.
- The public tender threshold and related exemptions also apply to collaborative procurements.

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made with the approval of the CEO because of genuine emergency or hardship	<ul style="list-style-type: none"> • Where Council has resolved that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, declared emergency, etc.)
2. A contract made with, or 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) or LMPN
3. Extension of contracts while Council is at market to replace that 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 procurement process or negotiations will take, or is 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.
4. Professional services unsuitable for tendering	<ul style="list-style-type: none"> • Legal services – This exemption may be used when specific advice is needed at short notice. • Insurance - This exemption may be used in between periodic market testing that is undertaken at least every five years.
5. 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.
6. Information technology resellers and software developers	<ul style="list-style-type: none"> • Allows Council to renew software licenses, maintenance and support agreements, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.
7. 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.
8. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> • Motor vehicle compulsory third party insurance • WorkCover
9. Operating Leases	<ul style="list-style-type: none"> • Where a lessor leases an asset (generally a vehicle or plant and equipment) to Council and assumes the residual value risk of the vehicle.

Exemption Name	Explanation, limitations, responsibilities and approvals
10. Plant and Equipment Servicing	<ul style="list-style-type: none"> Where it is required to maintain a valid warranty Where works need to be carried out by recognised suppliers using genuine parts. To achieve this, Council utilises servicing by the manufacturers from whom the plant and equipment was originally purchased. Spare parts from specific manufacturers can be purchased to complete works on plant and equipment in Council's workshop.
11. Artworks, Statues and Monuments	<ul style="list-style-type: none"> It is not practical to obtain quotes for artworks, statues and monuments as each piece of work is unique. Please note that if artwork is commissioned to be created, then this exemption does not apply and quotations or tenders must be sought.
12. Shop Supplies	<ul style="list-style-type: none"> Units of Council that operate a retail outlet that are required to purchase stock for resale to the public. This is due to the nature of the goods that are offered for resale, which may be of a unique nature.
13. Performers	<ul style="list-style-type: none"> Departments of Council that engage performers as part of a performance program are exempt.
14. Specialist knowledge and skills	<ul style="list-style-type: none"> Where Council requires advice from a supplier who offers specialist knowledge.
15. Sole Supplier (Core Service)	<ul style="list-style-type: none"> Council deals with a number of core service sole suppliers. There is no market to test and obtain multiple quotations. Examples of core service sole suppliers are: Water authorities, Telstra, PowerCor, professional membership payments (relating to positions held at Council), where the supplier is the sole source of intellectual property e.g. Facebook, Google, advertising (newspapers, magazines, IT equipment (Apple or Microsoft products and the like).

7.3.3 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;
- Accountability;
- Risk management, and
- Probity and transparency.

7.3.4 Procurement Methodology

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

A public tender process must be used for all procurements valued at \$200,000 and above for goods and services, including the carrying out of works.

For procurements valued under \$200,000, the procurement methodology and thresholds detailed in 7.3 will apply.

7.3.4.1 Contract Variations

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

- 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.

7.3.5 Public Tender Requirements

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

Information regarding current tenders and awarded tenders will be published on eTendering Portal(s).

7.3.5.1 Tender Evaluation

A tender evaluation panel will be established to evaluate each tender submission against the tender's selection criteria. Tender evaluation panels may include external personnel in order to ensure the best outcome for a procurement activity and must comprise at least 2 persons in addition to the chairperson.

7.3.5.2 Evaluation Criteria

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, OHS, risk and conflict of interest);
- 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
- Local and/or regional benefit; and
- Demonstration of sustainability.

7.3.5.3 Probity Advisor

A formal probity plan must be developed, and a probity advisor appointed in the following circumstances:

- Where the proposed total contract sum exceeds \$10 million over the life of the contract or for a lesser value set by Council from time to time; or
- Where a proposed contract is considered by Council or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

A probity advisor may be appointed to any tender evaluation panel and may be appointed to oversee the evaluation process.

7.3.5.4 Shortlisting and Negotiations

Council may conduct a shortlisting process during EOI, tender and quotation processes. Shortlisting must be based on the advertised selection criterion.

Shortlisted tenderers may be invited by 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.

7.3.6 Collaborative Procurement

In accordance with section 108(3)(c) of *the Act*, Council will first give consideration to collaboration with other councils and public bodies or utilise collaborative procurement arrangements, when procuring goods and services in order to take advantage of economies of scale.

In accordance with section 109(2) of *the Act*, Council staff must consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council. Any Council report that recommends commencing a procurement process must set out information relating to opportunities for collaborative procurement, if available, including:

- The nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

When collaborating with the LMPN, Council will endeavour to follow their guidelines and procedures.

Council may collaborate with other councils or other agents such as MAV Procurement or Procurement Australia to procure goods and services, including the carrying out of works, or utilise existing collaborative procurement arrangements for the procurement of goods and services, including the carrying out of works established through a public tender process where it provides an advantageous, value for money outcome for Council.

The following principles will be applied when utilising procurement agents (e.g. MAV Procurement and Procurement Australia) and whole of government contracts:

- Council will use an agent where potential cost savings exist.
- The use of procurement agents must not eliminate the ability of suppliers locally and within our region to submit a quotation or tender.

Any Federal or State Government grant funded projects may be excluded from collaborative procurement if required as part of the funding agreement.

7.4 Delegation of Authority

Delegations define the limitations within which Council staff are permitted to commit Council to the procurement of goods and services, including the carrying out of works and the associated costs.

7.4.1 Delegations

7.4.1.1 Council Staff

Council will maintain a documented scheme of procurement delegations identifying staff authorised to make procurement commitments in respect of goods and services, including the carrying out of works on behalf of the Council, and their respective financial delegations. Commitments include:

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions (within authorised budget)
- Contract amendment (non-financial)
- Contract amendment (financial)
- Appointment to register of pre-qualified suppliers
- Credit Card purchases
- Procedural exceptions.

7.4.1.2 Delegations Reserved for Council

Commitments and processes which must be approved by Council are:

- Procurements that exceed the Chief Executive Officer delegations
- Contract variations that drive the total contract price above the Chief Executive Officer delegations if the award of the contract was not previously resolved by Council
- Contract variations valued at \$200,000 and above.

7.5 Internal Controls

The Chief Executive Officer will establish and maintain a framework of internal controls over procurement processes that ensure:

- More than one person is involved in and responsible for the authorisation 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 Executive Leadership Team, the Audit and Risk Committee and Council.

7.6 Risk Management

Council is committed to the practice of effective risk management to provide improved stakeholder confidence and trust, and to support improved compliance and better corporate governance. Risk management is to be appropriately applied at all stages of procurement activities including:

- Standardisation of contracts including current and relevant clauses
- Requiring security deposits where appropriate
- Referring specifications to relevant industry experts
- Ensuring contractual agreements are in place before the commencement of works
- Use of and enforcement of delegated authorities
- Use of or reference to relevant Australian Standards (or equivalent)
- Effective management of the contract through ongoing monitoring to ensure the required performance is being achieved
- Terms and conditions being settled in advance of any commitment being made with a supplier.
- Contracts being proactively managed
- Risk assessments being undertaken as part of the procurement planning process.

7.7 Endorsement

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

7.8 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.

7.9 Contract Management

Council will evaluate and seek to improve on all aspects of procurement and contract management through:

- Establishing a system monitoring and achieving the responsibilities and obligations of all parties under the contract;
- Providing a means for the early recognition of issues and performance problems and the identification of solutions;
- Adhering to Council's risk management framework and relevant Occupational Health and Safety and sustainability requirements;
- Proactively managing contracted goods, services or works to ensure Council, and therefore the community, receives value for money.
- Council awards some contracts that are strategically critical and of relatively high value. Council will provide additional senior oversight to the management of such significant contracts.

7.10 Training

All staff in roles that involve the procurement of good and services will undertake procurement training when they commence in those roles, and refresher training every two years. Staff who breach this policy may be required to undertake refresher training immediately and may also be subject to disciplinary action.

7.11 Performance Measures and Continuous Improvement

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

Procurement procedures, practices and costs will be benchmarked externally.

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.

8. DEMONSTRATE SUSTAINED VALUE

8.1 Achieving Value for Money

8.1.1 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 determinant of value for money.

8.1.2 Approach

This will be facilitated by:

- Achieving continuous improvement in procurement activity;
- Developing, implementing and managing processes that support the coordination and streamlining of activities throughout the procurement lifecycle;
- Effective use of competition;
- Using existing Council contractual arrangements or collaborative procurement arrangements where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes;
- Council staff responsible for providing procurement services or assistance within 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 procured.

8.2 Sustainable Procurement

8.2.1 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. 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.

8.2.2 Principles and objectives

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 in the LMPN.</p> <ul style="list-style-type: none"> • 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 Loddon Mallee region. 	<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; • Encourage sourcing from regional and local suppliers • Build relationships with local and regional business and encourage procurement from them to help build their capacity; and • Increase local and regional employment.
Environmental	<p>Where applicable, Council will procure 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, and in some cases where they might not.</p> <p>Council’s procurement for environmental objectives will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • Considering a product’s or asset’s lifecycle; • Promoting circular economy participation; • Managing demand to reduce procurement requirements; • Encouraging innovation through specifications; and • Engaging suppliers who are also committed to reducing their environmental impact. 	<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 materials and non-renewable resources; and ○ Close the loop on kerbside recycling.

Area	Principles	Objectives
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 procurement for social objectives will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • A thorough understanding of the socio-economic issues affecting the community; • Creation of training and employment opportunities for unemployed or disadvantaged residents and ratepayers in the municipality, and marginalised job seekers in the municipality, to address local socio-economic issues; • Promotion of equity, diversity and equal opportunity; and • Respect for human rights, the rule of law and international norms of behaviour. 	<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 across the LMPN; • 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.

9. BUILD AND MAINTAIN SUPPLY RELATIONSHIPS

9.1 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.

9.2 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 (e.g. Indigenous business); and
- Volunteer and community organisations.

9.3 Local Benefit

Local benefit is defined as the benefit generated in procuring goods, services or the carrying out of works in terms of:

- Employment generated within the Gannawarra Shire
- Materials or goods purchased from businesses within the Gannawarra Shire
- Economic benefit to local business or the community.

Generally the weighted value of ‘Local Benefit’ will be 10% of the overall score; however it may be as high as 15% where deemed appropriate.

Flexibility will be given to cater for government grant programs where there is an emphasis on creating economic stimulus to the local community.

Where this criterion applies, bidders are encouraged to provide detail on the following, or any other benefit, that will be generated. This detail will be used for the purpose of evaluating the local benefit derived by accepting the

tender or quote:

- Percentage of materials to be purchased from within the Gannawarra Shire
- Details of local subcontractors who would be engaged and percentage of project value that they would be generating
- Business ownership i.e. township(s) in which business is operated and township(s) in which owners reside
- Accommodation/hospitality services that will be utilised whilst carrying out works or services
- Employment benefits that will occur within the Gannawarra Shire
- Ability for maintenance to be carried out by local businesses.

9.4 Regional Benefit

Where applicable, Council will include a weighted evaluation criterion on tenders and quotations so that an assessment of the regional benefit generated in awarding the works can be determined.

Regional benefit relates to the areas encompassed by councils in the LMPN group plus Murray River Council.

Regional benefit is defined as the benefit generated in accepting goods or services in terms of:

- Employment generated within LMPN Group councils and the Murray River Council.
- Materials purchased from businesses within LMPN Group councils and the Murray River Council
- Economic benefit to regional business or the community.

Generally the weighted value of 'Regional Benefit' will be 5% of the overall score; however it may be as high as 8% where deemed appropriate.

When this criterion applies, bidders are encouraged to provide detail on the following, or any other benefit that will be generated. This detail will be used for the purpose of evaluating the regional benefit derived by accepting the tender or quote:

- Percentage of materials to be purchased from within LMPN Councils and the Murray River Council
- Details of regional subcontractors that would be engaged and the percentage of project value that they would be generating
- Business ownership i.e. township(s) in which business is operated and township(s) in which owners reside
- Accommodation/hospitality services that will be utilised whilst carrying out works or services
- Employment benefits that will occur within LMPN Group councils and the Murray River Council
- Ability for maintenance to be carried out by regional businesses.

Successful tenderers may be asked to validate the benefits stated at any time during the contract or tender period.

10. RELATED DOCUMENTS

Local Government Act 2020

Council Policy No. 078 – Councillor Code of Conduct

Employee Policy No. 034 Code of conduct for employees

Council Policy 100 – Fraud and Corruption

Council Policy 107 – Public Interest Disclosure

Council Policy 117 – Complaint Handling

Council Policy 140 – COVID-19 Hardship

Governance Rules

Corporate Performance Reporting Framework

Council's Corporate Credit Card Procedures

Council's Finance Procedures - Accounts Payable

Independent Broad-based Anti-corruption (IBAC) Act 2011

Relevant provisions of the Competition and Consumer Act 2010

11. POLICY REVIEW

Council will review this policy as required but always within two years after a general election of the Council.

At the time of review, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

12. FURTHER INFORMATION

Members of the public may inspect all policies at Gannawarra Shire Council’s Kerang and Cohuna office or online at www.gsc.vic.gov.au

Any enquiries in relation to this policy should be directed to the Chief Executive Officer on (03) 5450 9333.

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