

# PROCUREMENT POLICY

Policy Reference No.  
Strategic Objective

POL189  
5.3 Provide responsible and  
transparent governance, services  
and infrastructure which responds  
to and supports community needs

Responsible Officer  
Department

Chief Financial Officer  
Finance and Property Development

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# Procurement Policy

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## Definitions and Abbreviations

Term	Definition
Act	<a href="#"><u>Local Government Act 2020</u></a> .
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Procurement Australasia, Municipal Association of Victoria (MAV), Northern Councils Alliance (NCA) or 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.
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.
Indigenous Business	An Indigenous Business is one that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s) (consistent with Supply Nation's definition).
Local Business	A commercial business with an operational premise that is physically located within the municipal borders of the Northern Councils Alliance.
Northern Councils Alliance (NCA)	The 7 Councils comprising the NCA, being the Cities of Hume, Banyule, Darebin, Moreland and Whittlesea and Mitchell and Nillumbik Shire Councils.
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 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.

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<b>Term</b>	<b>Definition</b>
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 from either a select list or via public invitation 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	The potential total value of the contract including: <ul style="list-style-type: none"> <li>• costs for the full term of the contract, including any options for either party to extend the contract;</li> <li>• applicable goods and services tax (GST);</li> <li>• anticipated contingency allowances or variations;</li> <li>• all other known, anticipated and reasonably foreseeable costs.</li> </ul>
Value for Money	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: <ul style="list-style-type: none"> <li>• Non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, service and support; and</li> <li>• Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.</li> </ul>

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## I. Procurement Policy

### A. 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 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 by the Northern Councils Alliance with a view to facilitating smooth collaborative procurement processes, consistent with *the Act*. This Policy also incorporates content that is specific and intended to only apply to Hume City Council.

### B. Applicability

This Policy applies to all contracting and procurement activities at Hume City Council and is applicable to Councillors and Council Staff.

It is recognised this will enhance achievement of 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.

This Policy provides direction on the conduct of procurement activities throughout the sourcing, management and disposal phases. It also covers the general procurement framework but does not extend to the related accounts payable processes.

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.

### C. Objectives

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

- Seek to promote open and fair competition and provide Value for Money;
- Provide clear guidelines to 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
- Seek to undertake collaborative procurement in accordance with section 2.3.4 of this Policy.

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

- Support 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;

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- Seek continual improvement through innovative and technological initiatives; and
- Generate and support Local Business through inclusion wherever practicable.

## 1 Procedures

### 1.1 Treatment of GST

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

## 2 Effective Legislative and Policy Compliance and Control

### 2.1 Ethics and Probity

#### 2.1.1 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 Policy and any associated procedures, relevant legislation, relevant Australian Standards, Commercial Law and *the Act*.

#### 2.1.2 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 Employee Code of Conduct respectively, and will perform their duties ethically 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 Policy and Council's Procurement guidelines are adhered to in relation to any expenditure of Council funds.

#### 2.1.3 Conflict of Interest

Councillors and Council Staff shall at all times avoid situations which 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.

A member of Council Staff has 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.

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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 Council Staff participating in tender evaluation panels must complete a Conflict of Interest declaration. 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.

#### 2.1.4 Fair and Honest Dealing

All prospective contractors and suppliers should 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 should be managed in accordance with Council's internal policies and processes.

#### 2.1.5 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.

#### 2.1.6 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.

Councillors and Council Staff, particularly contract supervisors:

- must not knowingly visit a current supplier's premises without invitation when acting in their official capacity; and
- must not knowingly engage a Council supplier for private benefit, unless that engagement is on proper legal terms.

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### 2.1.7 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, quotations 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.

### 2.1.8 Complaints & Reporting suspicious activities

#### 2.1.8.1 Complaints Handling

Members of the public and suppliers are encouraged to direct complaints to Council. Council will receive, report and manage complaints in accordance with Council's complaints policy and processes.

#### 2.1.8.2 Reporting Suspicious Activities

All Councillors, Council Staff and 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 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.

Suspicious activity needs to be reported to Council in accordance with Council's Fraud Control Policy and Public Interest Disclosure Procedures. 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 internal policies and processes.

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*.

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## 2.2 Governance

### 2.2.1 Structure

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

- Are flexible enough to procure in a timely manner the diverse range of goods, works and services required by Council;
- Ensure that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quotation; and
- Encourage competition and collaboration.

### 2.2.2 Methods

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

- Purchase order following a quotation process from suppliers that represent best Value for Money under the quotation thresholds adopted by 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 Council's procurement thresholds and guidelines;
- Under contract following a quotation or tender process;
- 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 2.3.2.3;
- Corporate Credit Cards; and
- Petty Cash,

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

### 2.2.3 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 and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

## 2.3 Procurement Thresholds and Competition

Wherever it would likely achieve best value, procurements will be arranged under a relevant contractual arrangement established in accordance with section 108 of [the Act](#) and this Procurement Policy.

In every procurement activity all practicable efforts will be made to consider the sustainable procurement considerations as listed in Section 3.2.

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Council will invite offers from the supply market for goods, services and works in accordance with the thresholds listed in [Appendix 1](#).

### 2.3.1 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/or environmental);
- Open and fair competition;
- Accountability;
- Risk management; and
- Probity and transparency.

### 2.3.2 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.

A public tender process must be used for all procurements valued at \$300,000 and above for goods, services or works.

For procurements under \$300,000, the procurement methodology and thresholds detailed in [Appendix 1](#) will apply.

#### 2.3.2.1 Exemptions from tendering

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

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made because of genuine emergency or hardship	Where Council has resolved or the CEO has determined (within their delegation) that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, a declared emergency, the unforeseen cessation of trading of a core service provider, a need to appoint a replacement service provider on the grounds of public safety any other situation which is liable to constitute a risk to life or property.)
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	This general exemption allows engagements: <ul style="list-style-type: none"> <li>• 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</li> <li>• 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 Australasia (PA).</li> </ul>

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Exemption Name	Explanation, limitations, responsibilities and approvals
3. Extension of contracts while Council is at market	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
4. Professional services unsuitable for tendering	<ul style="list-style-type: none"> <li>Legal Services</li> <li>Insurance</li> </ul>
5. Novated Contracts	<ul style="list-style-type: none"> <li>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.</li> </ul>
6. Information technology resellers and software developers	<ul style="list-style-type: none"> <li>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.</li> </ul>
7. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> <li>Motor vehicle compulsory third party</li> <li>WorkCover</li> </ul>
8. Operating Leases	<ul style="list-style-type: none"> <li>Where a lessor leases an asset (generally a vehicle or plant and equipment) to Council and assumes the residual value risk of the vehicle.</li> </ul>
9. Other specific Council exemptions	<ul style="list-style-type: none"> <li>Defined in Appendix 5.</li> <li>Specific Council exemptions will be reviewed and updated in Appendix 5 from time to time, as per the Policy Review Process (section 5.1.2).</li> </ul>

### 2.3.2.2 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.

### 2.3.2.3 Sole or select sourcing

Supply of goods, services or works can be sought from one supplier (sole sourcing) or a restricted group of suppliers (select sourcing) where it is consistent with this Procurement Policy, including obtaining Value for Money, and either:

- It is in the public interest;

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- There is one or a limited number of available tenderers in the market or suppliers able to submit quotations;
- The marketplace is restricted by statement of license or third-party ownership of an asset (excluding public utility plant); or
- Council is party to a joint arrangement where Council jointly owns the Intellectual Property with a third-party provider.

If there is a current procurement or disposal process in place, that process must be terminated prior to sole sourcing being implemented.

### 2.3.3 Public Tender Requirements

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

#### 2.3.3.1 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 a chairperson and at least 2 panel members.

A detailed Tender Evaluation Plan shall be developed, approved and strictly adhered to by that panel. Amongst other things, this involves the establishment of more detailed evaluation criteria (i.e. than those published with the tender) and the application of a pre-approved and robust weighted scoring system.

The Tender Evaluation Plan should be completed and signed off prior to the tender or quotation being issued.

#### 2.3.3.2 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, 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.
- Demonstration of sustainability, which includes Local Business.

#### 2.3.3.3 Probity Advisor

A probity plan should be developed and an internal or external probity advisor assigned in the following circumstances:

- Where the proposed Total Contract Sum exceeds \$5 million over the life of the contract or for another 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.

An internal or external probity advisor may be assigned to any tender evaluation panel and may be assigned to oversee the evaluation process, if deemed necessary.

#### 2.3.3.4 Shortlisting and Negotiations

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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 Council.

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 a preferred tenderer/s is/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.

#### 2.3.4 Collaborative Procurement

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

Council Staff must consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council. Any Council report that recommends entering into a procurement agreement 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.

##### 2.3.4.1 NCA collaboration

When collaborating with the NCA, Council will do so in accordance with the following:

- The NCA will develop a consolidated contract register to identify joint procurement projects on an annual basis.
- Council contracts with a minimum value of \$1 million per annum (per council), for the ongoing supply of goods or provisioning of services or works, other than projects that are unique to an individual council (e.g. unique construction or works projects), will be included in the consolidated contract register for collaboration consideration;
- Other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration with the NCA, must be included in the consolidated contract register for consideration as a possible joint procurement opportunity.

Where NCA Collaborative Procurement is to be pursued:

- A pre-market approval submission will be submitted to each participating council in the NCA prior to commitment to collaboration, seeking delegation of contract approval to CEOs;
- The NCA will establish a Heads of Agreement that gives authority for a lead council to act as each council's agent in the Collaborative Procurement;
- Each of the councils who participate will be able to enter into a contract with the preferred supplier(s) identified through the Collaborative Procurement process; or may choose to enter into a contract using "jump in/opt-in" contract provisions during the contract term, or with the council which conducted the public tender; and
- Each participating council must be involved in:
  - The initial decision to undertake the Collaborative Procurement;

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- Preparation of, and agreement to, the specifications;
- Ensuring probity for the Collaborative Procurement; and
- The acceptance of tender(s) and awarding of contract(s).

#### 2.3.4.2 Collaborative Procurement Arrangements

Council may collaborate with other councils or other bodies such as MAV Procurement or Procurement Australasia to procure goods, services or works, or utilise existing Collaborative Procurement Arrangements for the procurement of goods, services or works established through a public tender process where it provides an advantageous, Value for Money outcome for the Council.

Any Federal or State Government grant funded projects may be excluded from collaborative procurement.

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## 2.4 Delegation of Authority

### 2.4.1 Requirement

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, quotation, tender and contractual processes without prior referral to Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

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 for 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.

## 2.5 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 Executive Leadership Team, the Audit and Risk Committee and Council.

## 2.6 Risk Management

### 2.6.1 General

Risk assessments are a vital part of the procurement planning process, particularly for significant contracts. Risks will be identified for each part of the sourcing, transition, delivery and finalisation stages of procurement. Appropriate risk avoidance and mitigation strategies will be employed whenever practicable and appropriate.

## 2.7 Endorsement

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

## 2.8 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.

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## 2.9 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.

Good contract management ensures goods, services and works are delivered to the required standards of quality and quantity as intended by the contract 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.

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 Council, and therefore the community, receives Value for Money.

Council awards some contracts that are strategically critical and of relatively high value (Total Contract Value of \$5m and higher) and in doing so, Council will provide additional senior management oversight to the management of such significant contracts.

## 3 Demonstrate Sustained Value

### 3.1 Achieving Value for Money

#### 3.1.1 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.

#### 3.1.2 Approach

This will be facilitated by:

- Achieving continuous improvement in procurement activities in accordance with the direction set out in Council's Strategic Procurement Plan;
- 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;
- Developing cost efficient tender processes;
- Council Staff responsible for providing procurement services or assistance 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.

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## 3.2 Sustainable Procurement

### 3.2.1 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. The United Nations Environment Programme defines sustainable procurement as a “process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves Value for Money on a whole of life basis in terms of generating benefits not only the organisation, but also to society and the economy whilst minimising damage to the environment.”

### 3.2.2 Applying sustainable procurement in Council

Sustainability will be embedded in Council's work. All Council Staff will have a clear and shared understanding about what it means and how they can apply it to their daily tasks. Council commits to applying the principles of sustainability to all of 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.

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### 3.2.3 Principles and objectives

In its [Sustainable Procurement guidelines as detailed in Appendix 2](#), Council undertakes 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.</p> <p>Council's Sustainable Procurement guidelines (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> <li>• Ensuring accountability and transparency;</li> <li>• Ensuring Value for Money outcomes;</li> <li>• Ensuring open and effective competition, and development of competitive Local Business and industry;</li> <li>• Fostering innovation and emerging sectors; and</li> <li>• Considering life cycle costs.</li> </ul>	<p>Council's economic sustainability approach aims to:</p> <ul style="list-style-type: none"> <li>• Increase local employment;</li> <li>• Achieve Value for Money on a whole-of-life (including disposal) basis, rather than just initial cost;</li> <li>• Consider broader life cycle impacts of products procured;</li> <li>• Ensure probity and accountability in the procurement process;</li> <li>• Commit to sourcing locally as detailed in Appendix 2; and</li> <li>• Build relationships with Local Businesses and encourage procurement from them to help build their capacity.</li> </ul> <p>Appendix 2 details the specific objectives Council will focus on.</p>

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Area	Principles	Objectives
Environmental	<p>Where practical and 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 and in some cases where they might not.</p> <p>Council's sustainable procurement guidelines (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> <li>• Considering a product or asset's lifecycle;</li> <li>• Promoting circular economy participation;</li> <li>• Managing demand to reduce procurement requirements;</li> <li>• Encouraging innovation through specifications; and</li> <li>• Engaging suppliers who are also committed to reducing their environmental impact.</li> </ul>	<p>Council's environmental sustainability approach aims to:</p> <ul style="list-style-type: none"> <li>• Improve energy efficiency;</li> <li>• Reduce greenhouse gas emissions and contribution towards Council's carbon footprint;</li> <li>• Minimise waste production;</li> <li>• Improve water efficiency;</li> <li>• Reduce air, water and soil pollution;</li> <li>• Reduce biodiversity impacts; and</li> <li>• Increase the use of recycled materials to: <ul style="list-style-type: none"> <li>○ Reduce demand for raw materials and non-renewable resources; and</li> <li>○ Close the loop on kerbside recycling.</li> </ul> </li> </ul> <p>Appendix 2 details the specific objectives Council will focus on.</p>
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 sustainable procurement guidelines (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> <li>• A thorough understanding of the socio-economic issues affecting the community;</li> <li>• Creation of training and employment opportunities for unemployed, or disadvantaged residents and ratepayers in Council's municipality, and marginalised job seekers in Council's municipality to address local socio-economic issues;</li> <li>• Promotion of equity, diversity and equal opportunity; and</li> <li>• Respect for human rights, the rule of law and international norms of behaviour.</li> </ul>	<p>Council's social sustainability approach aims to:</p> <ul style="list-style-type: none"> <li>• Ensure suppliers do not exploit workers and provide fair wages, including inclusive business practices;</li> <li>• Maintain a social procurement program to increase social procurement spend across Local Business;</li> <li>• Ensure sourced products are accessible by all segments of the community;</li> <li>• Increase employment opportunities for indigenous people, people with a disability, disadvantaged people and long term unemployed;</li> <li>• Improve gender equity; and</li> <li>• Prevent, detect and remove modern slavery from Council's supply chain.</li> </ul> <p>Appendix 2 details the specific objectives Council will focus on.</p>

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## 4 Build and Maintain Supply Relationships

### 4.1 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.

### 4.2 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.

## 5 Policy Key Linkages and Governance

### 5.1.1 Standards and Linkages

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 and procedures including Codes of Conduct for Councillors, Council Staff and suppliers.

Compliance will be monitored by 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.

All Council policies comply with the Victorian Charter of Human Rights and Responsibilities.

This Policy has clear linkages to a range of codes, charters, legislation and Council documents, including:

- [Local Government Act 2020](#)
- Procurement procedures and guidelines
- Purchasing and accounts payable manuals
- Codes of Conduct and associated policies
- Contract management guidelines

This Policy will help guide Council's work delivered through Council's key plans, strategies and policies listed in Appendix 4.

Other relevant legislative requirements include compliance with *the [Competition and Consumer Act 2010](#), Goods Act 1958, Fair Work Act 2009, Working with Children Act 2005, Working with Children Regulations 2016 and the Environment Protection Act 1970 and Environment Protection Act 2017* and other relevant Australian Standards.

### 5.1.2 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.

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Members of the NCA will endeavour to work together to keep this Policy under review and to prepare any amendments to Sections 1-5.

Any amendment to the Sections within Appendices 1, 2, 3 4 and 5, which is specific to Council can be made at any time during the 4-year term of the Council and is only required to be reviewed and adopted by Council.

### 5.1.3 Policy Enquiries and Contact Details

For further information on this policy, please contact Council's Procurement team on:

Email: [tenders@hume.vic.gov.au](mailto:tenders@hume.vic.gov.au)

Phone: (03) 9205 2200

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# APPENDICES

All policy requirements contained within these Appendices are applicable to Hume City Council.

## Appendix 1: Hume City Council Procurement Methodology Thresholds

### Requirement for tenders, proposals and quotations

Council will invite tenders and quotations from the supply market for goods, services, and works in accordance with the thresholds listed in the below table. Procurement engagements should not be split to circumvent these thresholds. If a procurement engagement is likely to reach the upper limit of a threshold then it is recommended to pre-emptively obtain the requirements of the next incremental threshold.

Procurement value threshold (Incl of GST)	Procurement Methodology (Goods, Service & Works)
<\$1,000	<ul style="list-style-type: none"> <li>Obtain one <sup>1</sup>informal or <sup>2</sup>written quotation</li> </ul>
<\$10,000	<ul style="list-style-type: none"> <li>Obtain at least one <sup>2</sup>written quotation</li> </ul>
\$10,001 - \$30,000	<ul style="list-style-type: none"> <li>Obtain at least two (2) <sup>2</sup>written quotations</li> </ul>
\$30,001 - \$150,000	<ul style="list-style-type: none"> <li>Obtain at least three (3) <sup>2</sup>written quotations</li> <li>Where possible a <b>Local Business</b> supplier should be invited to participate.</li> <li>Evaluation of offers</li> </ul>
\$150,001 - \$300,000	<ul style="list-style-type: none"> <li>Undertake a formal Request for Quotation (RFQ) process via Council's eTendering Portal ensuring at least three (3) <sup>2</sup>written quotations / submissions are received.</li> <li>Where possible a <b>Local Business</b> supplier should be invited to participate.</li> <li>Evaluation of offers by the RFQ evaluation panel.</li> </ul>
>\$300,000	<ul style="list-style-type: none"> <li>Undertake a tender process                             <ul style="list-style-type: none"> <li>published via Council's eTendering Portal</li> <li>may be advertised in the media.</li> </ul> </li> <li>Required for goods, services or works where the once-off value or the Total Contract Sum is estimated to exceed \$300,000</li> <li>Evaluation of tender submissions by the Tender evaluation panel</li> </ul>

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**<sup>1</sup>Informal quotation** is a:

- statement or email by a supplier setting out the offered price for the goods, services or works.
- verbal quotations accompanied by above.

**<sup>2</sup>Written quotation** is a formal statement or email by supplier setting out the offered price for the goods, services or works. A quotation should contain the supplier's business details, total and breakdown of price, and if applicable, the terms and conditions and quotation expiry date.

**<sup>3</sup>Exemption approval\*:**

Where there is a deviation to the Procurement Methodology (Table above), an exemption approval will be required and can be requested from the relevant divisional Director (within delegation) or the CEO, via an exemption approval request which must first be reviewed by the Procurement unit. The exemption request should provide all relevant details, including details of the circumstances and justification. All supporting documentation should be attached to the purchase requisition in Council's financial system. Examples of Procurement Methodology deviation include:

- Insufficient quotations: obtaining the required number of quotations can sometimes be difficult, for instance, if there is one or a limited number of available suppliers able to submit quotations, or where the work is highly specialised. Value for Money still needs to be demonstrated by the responsible officer to consider waiving the requirement to request the required number of quotations; and where applicable the requirements in section 2.3.2.3 to be addressed.

\*An exemption approval is not required for listed acceptable exemptions in this Policy (e.g., section 2.3.2.1 and Appendix 5) and where a Local Business supplier is not invited to participate.

Where a contract is established, it is not required to apply an evaluation weighting or to invite a Local Business supplier, in obtaining pricing confirmation.

Where an open public invitation process is followed below the \$300,000 tender procurement value threshold, it is not required to obtain the stated number of quotations.

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## Appendix 2: Hume City Council – Sustainable Procurement

### A. Alignment to Council strategy and application of sustainability principles

This Sustainable Procurement guidelines will be reviewed from time to time to align with the prevailing Hume Council strategies and plans, including those listed in *Appendix 4*, in relation to sustainable procurement matters.

Sustainability is a principle of Hume City Council's Corporate Planning Framework, and is embedded into the Hume City Council Plan, and Councils' Vision and Mission:

- The Hume City Council Vision:  
*"Hume City Council will be recognised as a leader in achieving social, environmental and economic outcomes with a common goal of connecting our proud community and celebrating the diversity of Hume."*
- The Hume City Council Mission:  
*"To enhance the social, economic and environmental prosperity of our community through vision, leadership, excellence and inclusion."*
- The Hume City Council Plan 2017-2021 outlines the following guiding principle in relation to the development of Council's Corporate Planning Framework:  
*"While sustainability means different things to different people, at its core is a common understanding that our social, financial and environmental resources will be utilised in a fair, responsible, transparent and efficient way."*  
*Our commitment to sustainability will ensure that we are living within the limits of the systems on which we depend and that future generations can also enjoy a good quality of life and fulfil their potential."*

This guiding principle is applied to development and delivery of all Council Plan actions under the following five themes:

- A well-educated and employed community.
- A healthy and safe community.
- A culturally vibrant and connected community.
- A sustainably built and well-maintained City with an environmentally aware community.

Council aims to continually focus on applying the principles of sustainability to its procurement activities as defined in Section 3.2.3 of this Policy. These principles support the objectives listed in this Appendix, where applicable and practical, underpinned by key elements, including accountability and transparency, Value for Money outcomes, and open and effective competition.

### B. Sustainability objectives

#### Economic sustainability objectives

Council considers the economic benefits of expenditure on goods and services that are retained within the local economy. Council commits to procurement activities that where applicable to their requirements, encourage:

- **Local Business** participation; and as a result, local supplier relations, increased

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local employment creation, local economic growth and diversity, benefits to the community, and the development of a competitive local business environment;

- an industry fostering innovation and emerging sectors, and the exploration of opportunities pertaining to a circular economy.

Where applicable and practicable Council will:

- Actively promote tender opportunities in the Local Business catchment area;
- Assist in building local capacity through encouraging responses to quotations and tenders from **Local Businesses**, underpinned by key principles, including accountability and transparency, Value for Money outcomes, and open and effective competition.
- Utilising applicable sustainability criteria to promote an increased economic sustainability awareness, development and delivery in **Local Business**.
- Consider achievement of Value for Money on a whole-of-life basis (including disposal), rather than just initial cost and will be considerate of the broader life cycle impacts of products procured; and
- Give preference to contracts for the purchase of goods, machinery or materials manufactured or produced in Australia.
- Gain input and insights from local suppliers on their experience with Council and identify opportunities for improving engagement.

Council's procurement function will continue to support focused Council departments and teams, e.g. Business Efficiency Network, Economic Development, etc.

### Environmental sustainability objectives

Council is committed to achieving environmental sustainability outcomes. The *Hume Horizons 2040* community vision, is underpinned by a commitment to sustainability, referencing for instance "living within the limits of the systems on which we depend and that future generations can also enjoy a good quality of life and fulfil their potential."

Purchasing requirements and decisions can contribute positively to the environment and also contribute to the shift to a circular and climate resilient environmental economy. Council is committed to reducing resources, consumption and minimising waste throughout the procurement life cycle.

Where applicable and practicable, Council will give consideration to any of the following when specifying procurement engagement requirements:

- sustainable waste management that observes the waste hierarchy;
- goods with recycled content or that can be recycled at the end of life;
- second hand, refurbished or repurposed materials;
- supporting of environmental manufacturing processes;
- eco-friendly products which are more power efficient and improved energy management;
- contribution to climate protection and climate resilience, pollution reduction and management, water conservation, and/or improved biodiversity conservation; and
- promote green building design and best practice environmentally sustainable design and development (ESD) specifications and principles.

Where applicable and practicable, Council aims to embed environmentally sustainable procurement outcomes through:

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- Promoting an increased environmental sustainability awareness, development and delivery through applicable sustainability criteria;
- Managing and considering demand to reduce procurement requirements;
- Training Council staff to apply environmental principles in decision making activities, including procurement engagement requirements, such as how to embed the 5Rs - refuse, reduce, reuse, repurpose and recycle;
- Supporting suppliers who demonstrate a commitment to reducing their environmental impact; and
- Reducing paper and printer toner consumption by transitioning contract execution to an electronic solution.

Council's procurement function will continue to support focused Council departments and teams, e.g. Sustainable Environment.

### Social sustainability objectives

Council is committed to achieving social sustainability outcomes. Council pursues its vision with a common goal of connecting our proud community and celebrating diversity (*Social Justice Charter, 2014*). The *Social Justice Charter* provides a guide to providing accessible and equitable access to opportunities for individuals and groups who may experience barriers to social and economic participation and competitive processes because of gender, age, race, ethnicity, religion, culture or disability. Council's *Reconciliation Action Plan 2020–2022* further strengthens this commitment, focusing on opportunities for Indigenous Business.

To create additional opportunities to participate in the economy, where applicable and practical, Council will promote participation from Indigenous Business in goods and services opportunities. This aims to support Indigenous entrepreneurship, and business and economic development. Council is also committed to increase employment opportunities for indigenous people, people with a disability, disadvantaged people and long term unemployed.

Purchasing requirements and decisions can contribute positively to the social sustainability environment. Where applicable and practicable, Council will give consideration to any of the following when specifying procurement engagement requirements:

- improved market access and increasing community awareness and engagement and as such building a stronger social enterprise,
- increased access, inclusion and opportunities for Indigenous Business, social enterprises, and disability enterprises.
- encouragement of suppliers to incorporate social enterprises, disability enterprises or Indigenous Business within their supply chain or via sub-contracting.

Where applicable and practicable, Council aims to embed socially sustainable procurement outcomes through:

- Ensuring higher accessibility to opportunities due to an increase in tender Procurement Thresholds (refer Appendix 1);
- Retaining the use of a contractor handbook for suppliers that contain inclusions such as Labour Hire legislation, Child safe behaviour, equal employment opportunity policy;
- Promoting fair and ethical trade;
- Introducing access to an Indigenous Business supplier base; and
- Reviewing market opportunity documentation in order to improve accessibility and

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utilisation

Council's procurement function will continue to support focused Council departments and teams, e.g., Arts and Cultural Development, Community Strengthening; and participate in training such as Aboriginal and Torres Strait Islander Cultural Competency Training.

### C. Sustainable Procurement KPIs

Council has developed the following KPI to measure the success of its initiatives to integrate sustainability in the procurement process.

#### Sustainability objectives (Local Business)

- Invite minimum number of **Local Business** suppliers as stipulated in **Appendix 1**
- Mandatory evaluation criteria with a weighting of 10% for procurement opportunities with a value in excess of \$150,000.

#### Additional Sustainability objectives

- Depending on the specific requirements, consideration may be given to additional sustainability-related evaluation criteria up to a maximum weighting of 10% for all public tender opportunities. This will be based on the category of expenditure and nature of the requirement where possible, applicable and practicable.

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## Appendix 3: Performance KPIs

### A. Procurement Performance Targets

To help maximise the achievement of best value and to **stimulate the local economy and job creation**, Hume City Council has set performance KPIs targets:

- Sustainable Procurement spend and commitment (Please refer *Appendix 2- Sustainable Procurement KPIs*).
- Suppliers having their head offices' postal or street address within the Hume City Council municipality will be created with 15 days payment terms (as opposed to 30 days payment terms).

### B. Performance indicators

Hume City Council will seek to improve its procurement performance by capturing and analysing data on key performance indicators including:

- Performance against Sustainability KPI
- The number of Local Business suppliers engaged and proportion of local spend
- Number of new Collaborative Procurement Arrangement contracts
- Value of savings achieved
- Reported new local job numbers created

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## Appendix 4: Council Plans, Strategies and Policies

The following published Hume City Council plans, strategies and policies relate to this Procurement Policy:

<b><u>Referenced:</u></b>	<b><u>Council plan, strategy and policy:</u></b>
Section 2.1.8.1	Customer Feedback and Complaints Handling Policy
Section 2.1.8.2	Fraud Control Policy and Public Interest Disclosure Procedures
Section 2.9	Hume City Council's Work Health and Safety Policy
Appendix 2	Hume Horizons 2040
Appendix 2	Hume City Council Plan 2017-2021
Appendix 2	Reconciliation Action Plan 2020 –2022
Appendix 2	Social Justice Charter 2014
Appendix 2	The Hume City Council Plan 2017-2021

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## Appendix 5: Council Specific Exemptions

This section includes any additional exemptions from tendering, not included in section 2.3.2.1, applicable to Hume City Council.

Exemption Name	Explanation, limitations, responsibilities and approvals
Incorrect Procurement Threshold and reasonable value estimations	Where the sub-tender Procurement Threshold (refer Appendix 1) was utilised, based on reasonable value estimations (with substantiated evidence), but the market price responses and/or preferred supplier price response, came in higher than the threshold, and this was validated by the responsible Director (within delegation) or CEO and the Coordinator Procurement.

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