



**CENTRAL  
GOLDFIELDS  
SHIRE  
COUNCIL**

# Procurement Policy

22 NOLAN STREET  
MARYBOROUGH VIC 3465



### DOCUMENT CONTROL

Policy Name	Procurement Policy
Policy Number	2.34
Responsible Business Unit	Procurement
File Location	Magiq - Categories - Policies Procurement
Document Status	Final
Version	11
Version Date	24 April 2018
Next Review Date	June 2019

### DOCUMENT HISTORY

	Version	Date	Author
Initial Draft	10	10 April 2018	Graeme Gilmore, Procurement Manager
Final Draft	11	24 April 2018	Graeme Gilmore, Procurement Manager
Approved			
Review Draft			
Review Final			
Approved	11	24 April 2018	Adopted by Council

## Contents

1. Purpose .....	3
2. Background .....	3
3. Scope .....	3
4. Policy Statement .....	3
5. References .....	4
6. Definitions .....	4
7. Policy .....	5
8. Related Documents and references.....	19
9. Appendices.....	<b>Error! Bookmark not defined.</b>

## 1. Purpose

---

The purpose of this Policy is to:

- establish a procurement framework for Central Goldfields Shire Council to achieve value for money and continuous improvement in the provision of goods, services, and works for the community;
- achieve a level of high standards in probity, transparency, accountability and risk management in all procurement activities;
- achieve compliance with relevant legislative requirements;
- encourage and promote the use of local business;
- identify social procurement opportunities with local social enterprises and other relevant parties;
- ensure that council resources are used efficiently and effectively to improve the overall quality of life of people in the local community;
- achieve Best Practice in accordance with the Victorian Local Government Best Practice Procurement Guidelines; and
- identify opportunities to facilitate or participate in collaborative procurement alternatives.

## 2. Background

---

This Policy represents the governance, principles, process and procedures to be applied to the purchase of all goods, services and works by Council. The Policy will apply to all Councillors and council staff undertaking procurement activities on Council's behalf. The aforementioned persons will be responsible and accountable for compliance to all relevant Federal and State Government legislation, regulations and guidelines, this Procurement Policy and any associated Procurement Manual or Guidelines.

## 3. Scope

---

This Policy will apply to Councillors, Council staff, and any persons undertaking procurement on Council's behalf. Council staff includes full-time, part-time, and temporary employees, as well as contractors and consultants while engaged by Council.

## 4. Policy Statement

---

This Policy is made under Section 186A of the Local Government Act 1989 ("the Act"). This section of the Act requires Council to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by Council.

## 5. References

---

- Council Plan
- Council's Annual Budget
- Local Government Act 1989 (LGA)
- Council Delegated Authority
- Conflict of Interest Policy
- Gifts, Benefits & Hospitality Policy
- Tendering & Contracts Policy
- Staff Code of Conduct Policy.

## 6. Definitions

---

In this Policy the following definitions apply:

**“the Act”** means the Local Government Act 1989;

**“Commercial-in-confidence”** means information that if released may prejudice the business dealings of a party e.g. prices, discounts, rebates, profits, methodologies and process information;

**“Contract”** means an agreement between two or more authorised persons, on behalf of their organisations, to perform a specific act/s that is/are enforceable by law. A contract may be verbal, written or inferred by conduct;

**“Contract Management”** means the process that ensures both parties to an agreement fully meet their obligations and responsibilities in accordance the contract;

**“Council Officer” or “Council staff”** means any full or part time staff member of Council including temporary employees;

**“eBMS”** means Council's Procurement & Contract Management System;

**“Evaluation Criteria”** means the criteria used to evaluate the compliance and/or relative ranking of the tender responses. All evaluation criteria must be clearly stated in the request documentation;

**“Evaluation Panel”** see Tender Panel below;

**“Probity”** means uprightness, honesty, proper and ethical conduct and propriety in Council dealings;

**“Procurement”** means the whole process of acquisition of external goods, services or works. This process encapsulates the whole of life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service or works contract;

**“StraightBuy”** means Council's e-purchasing system;

**“Sustainability”** means activities that meet the needs of the present without compromising the ability of future generations to meet their needs;

**“Tender Panel”** means the group of Council Officers called together by the Contract Manager to participate in the tendering process. The Tender Panel is made up of the following: Contract Manager, relevant General Manager, Procurement Manager, and any staff member with relevant experience and may also include an independent expert.

General Manager participation is at their own discretion. The panel must contain at least three Council Officers. The Tender Panel becomes the **Evaluation Panel** when the tender closes;

“**Tender process**” means the process from the planning stages to the awarding of a contract. This includes the development of tender documentation, invitation to tender period, evaluation stage and recommendation of a preferred supplier/s;

“**Value for Money**” means that optimum combination of quantitative and qualitative components of a tender offer.

## 7. Policy

---

### 7.1 OVERVIEW

This Policy represents the governance, principles, process and procedures to be applied to the purchase of all goods, services and works by Council. The Policy will apply to all Councillors and council staff undertaking procurement activities on Council's behalf. The aforementioned persons will be responsible and accountable for compliance to all relevant Federal and State Government legislation, regulations and guidelines, this Procurement Policy and any associated Procurement Manual or Guidelines.

This Policy is prepared in accordance with Section 186A of the *Local Government Act 1989* (the Act) which also requires that a review of the Policy is conducted annually and is available for public inspection. Council will provide public access to the Policy via;

- Council's offices located at 22 Nolan Street, Maryborough; and
- On Council's website.

### 7.2 LEGISLATIVE COMPLIANCE

The key legislative requirements include:

- Section 186 of the Act [Power to enter into Contracts];
- Section 186A of the Act [Procurement Policy];
- Section 3C of the Act [Objectives of a Council];
- Sections 208C of the Act [Applying Best Value Principals];
- Sections 77A, 77B, 78, 78A to 78E, 79, 79B to 79D, 80, 80A to 80C and 95 of the Act [Conflict of Interest];
- Section 98 of the Act [Delegations];
- Section 140 of the Act [Accounts and Records];
- The relevant provisions of the *Competition and Consumer Act 2010*;

Council is required to comply with the provisions of the above Acts in all procurement matters.

### 7.3 POLICY PROVISIONS

#### 7.3.1 Procurement principles

Council will apply the following fundamental best practice principles to each procurement activity irrespective of the value or complexity of that procurement:

- value for money;
- best value principles;
- open and fair competition;
- confidentiality;
- accountability;
- risk management;
- probity and transparency.

Consideration must be given to the whole of life cycle of an acquisition, from initial concept to the end of the useful life of that asset including its disposal.

---

### **7.3.2 Organisational procurement structure**

Central Goldfields Shire Council operates a centre-led procurement structure wherein all strategy, policy, processes, technology, best practice, document control, processes and networking in procurement matters will be the responsibility of the Procurement Unit.

Council shall:

- establish a procurement management structure and appropriate delegations ensuring accountability, transparency and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council;
- ensure that the Council's procurement structure:
- is flexible enough to purchase in a timely manner, the diverse range of material, goods, works and services required by Council;
- ensure that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
- encourage competition between tenderers; and ensures all policies that relate to purchasing practices are communicated and implemented.

### **7.3.3 Procurement Officers**

Council will ensure that all Procurement Officers have sufficient relevant qualifications and provide and encourage relevant training and networking opportunities to ensure that the delivery of procurement activities within the organisation are conducted in accordance with best practice principles.

## **7.4 DELEGATIONS**

### **7.4.1 Authorisations**

Council is responsible for authorising a deed of delegation to the Chief Executive Officer (CEO) on procurement matters [including the power to determine that a contract must be entered into due to an emergency as specified in the Act Section 186 (5)(a) for the immediate period of the emergency].

The CEO delegates authorisations to staff on procurement matters. These authorisations are facilitated by Finance Department and are reviewed at least annually.

Whilst this Policy must be adhered to by all employees engaged in procurement activities for Council, only *Delegated Officers* are authorised to approve expenditure relating to contracts, quotations or purchasing cards.

These delegations give relevant officers the power to:

- procure goods, services or works;
- expend amounts for the procurement of goods, services or works (this includes expenditure relating to any contract variations in accordance with Council's Tendering & Contracts Policy);
- approve quotations or tenders or enter into contracts; arising out of or connected with any duty imposed, or function or power conferred on Council by or under any Act and as provided for in Council's adopted Budget.

### **7.4.2 Variations**

The terms of a Contract will usually entitle Council to direct a Variation. Variations can involve Council directing the Contractor to make a change to the supply of goods, the provision of services or the execution of works which are the subject matter of the relevant Contract.

Variations can also result from a provision in the Contract which deems a certain event or circumstance to be treated as a 'Variation' even if Council has not issued a direction to the Contractor to change the subject matter of the Contract. Examples in this context include a change arising from the introduction of a new law or ambiguities or inconsistencies within contract documents.

Variations can result in either an increase or decrease to the amount which Council is liable to pay to the Contractor under the Contract.

Councils Tendering & Contracts Policy provides guidance to Delegated Officers for the purposes of:

- identifying a Variation; and
- authorising or obtaining authorisation for expenditure relating to Variations.

## **7.5 STRATEGIC PROCUREMENT**

The term 'strategic procurement' is applied to several different concepts including:

- a coordinated approach by an organisation in influencing supply markets to support Council business objectives;
- the purchase of high value, high risk, important and complex goods, services or works, often a multi-faceted project;
- long term plans for ensuring timely supply of goods, services or works that are critical to a organisation's ability to meet its core business objectives; and
- the process used to take a project from its early planning phase through to contract completion.

The essence of strategic procurement is that it should be aligned and contribute to Council's overall long term strategy. It should be consistent with the Council Plan and include projections of revenue and expenditure in the Standard Statement of Financial Performance.

Strategic procurement places an emphasis on:

- detailed analysis of council's spending pattern;
- ensuring procurement efforts correspond with risk and expected return;
- optimising the procurement process to reflect market conditions;
- including continuous improvement and value for money in contractual arrangements with suppliers; and
- developing a strategic procurement program for long term evolution of the procurement functions.

## **7.6 TENDERING & CONTRACTS POLICY**

A Tendering & Contracts Policy has been developed and details the implementation of all relevant legislative requirements. The Procurement Unit will maintain and periodically review its Tendering & Contracts Policy to ensure that best practice principles are updated and disseminated to staff. The primary objective of the Policy is to provide guidance to staff on all operational aspects of tendering & contracts. Staff have access to the Policy via Council's Record Management System.

The Policy will conform to the Local Government Best Practice Guidelines.

## **7.7 PROBITY REQUIREMENTS**

### ***7.7.1 Requirement***

Council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.



---

### **7.7.2 Conduct of Councillors and Council Staff**

Councillors and Council staff shall at all times conduct themselves in a manner that is, and is seen to be ethical, of the highest integrity and *will*:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of commercial-in-confidence information such as contract prices and other sensitive information;
- present the highest standards of professionalism and probity;
- provide all suppliers and tenderers with the same information and equal opportunity;
- be able to account for all decisions and provide feedback on them; and
- Council staff with responsibilities for managing or supervising contracts are prohibited from performing any works under the contract they are supervising for personal gain.

Councillors and Council staff belonging to professional organisations shall, in addition to the obligations detailed in this Policy, ensure that they adhere to any code of ethics or professional standards required by that body.

A Councillor must:

- comply with the Primary Principle of Councillor Conduct and avoid conflicts between his or her public duties as a councillor and his or her personal interests and obligations [Section 76B of the Act]. Councillors and members of audit committees must disclose a conflict of interest in accordance with Section 79 of the Act;
- comply with the Councillor Code of Conduct; and
- not improperly direct or improperly influence a member of Council staff in the exercise of any power in the performance of any duty or function.

### **7.7.3 Tender Processes**

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

### **7.7.4 Conflict of Interest**

Councillors and Council staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their council duties.

Councillors and Council staff shall not participate in any action or matter associated with the arrangement of a contract (i.e., evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.

The onus is on the Councillor and the member of Council staff involved being alert to and promptly declaring an actual or potential conflict of interest to the Council.

Council staff have access to “Conflict of Interest A Guide for Council Staff” on Councils Record Management System

### **7.7.5 Fair and Honest Dealing**

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

Impartiality must be maintained throughout the procurement process so it can withstand public and statutory authorities’ scrutiny.

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

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

### **7.7.6 Accountability and Transparency**

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

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

Additionally, all Council staff must be accountable for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and record and document all performance and other relevant matters to ensure a transparent audit trail for monitoring and reporting purposes.

### **7.7.7 Gifts and Hospitality**

No Councillor or member of Council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the Council is interested.

Councillors and Council staff are to apply the Councillors and Staff Code of Conduct and Gifts, Benefits and Hospitality Policy, found on Councils Record Management System, respectively in dealing with offers of hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Councillors and Council staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and/or not on official business.

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

### **7.7.8 Disclosure of Information**

Commercial-in-confidence information received by the Council must not be disclosed, unless compelled to do so by law, and is to be stored in a secure location.

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

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is commercial-in-confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

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 have potential contractual implications prior to the contract approval process being finalised other than authorised pre-contract negotiations.

---

### **7.7.9 Probity Plan Audits**

A Probity Plan should be considered by the Tender Panel for all high risk, complex tenders. Consideration should also be given for the engagement of a probity auditor.

## **7.8 RISK MANAGEMENT**

### **7.8.1 General**

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

Council will manage all aspects of its procurement processes in such a way that all risks, including Occupational Health and Safety, are identified, analysed, evaluated, treated, monitored and communicated to the standard required by the law, in accordance with Australian Standards and Council Policy.

### **7.8.2 Supply by Contract**

The provision of goods, services and works by contract potentially exposes the Council to risk.

The Council will minimise its risk exposure by measures such as:

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

### **7.8.3 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 staff must not authorise the expenditure of funds in excess of their financial delegations.

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

### **7.8.4 Dispute Resolution**

All Council Contract Managers must be cognisant of Council's dispute resolution process in order to minimise the chance of disputes escalating to possible legal action. In the event that a dispute cannot be resolved amicably, the Council officer is required to contact the Procurement Unit for assistance.

### **7.8.5 Contract Management**

The purpose of contract management is to ensure that both parties to an agreement meet their individual obligations as specified in the contract.

Council contract managers are responsible for the delivery of all specified contractual outcomes that comply with qualitative and quantitative requirements as per the contract by:

- utilising Councils eBMS system to ensure the responsibilities and obligations of both parties under the contract are met;
- providing regular performance reviews, utilising eBMS, as a means for the early recognition of issues and performance problems and the identification of solutions;
- developing and maintaining a sound business relationship with relevant suppliers for the duration of any contractual agreement;
- identifying innovative methodologies to realise potential cost savings through the encouragement and promotion of continuous improvement in service delivery; and;
- adhering to Council's Risk Framework and including Occupational Health and Safety Contractor compliance procedures.

#### **7.8.6 Occupational Health and Safety Management Systems (OHSMS)**

It is mandatory for all contractors engaged by Council to provide services or works, to have a documented OHSMS that conform to the requirements of the OHS Act 2004 and that the system is implemented during the conduct of those services or works.

Contract Managers are required to ensure that an OHSMS is sighted and assessed for conformance prior to the commencement of any relevant services or works. Details are to be entered into Councils eBMS system

#### **7.8.7 Endorsement of Products or Services**

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

#### **7.8.8 Fraud and Complaints**

Council takes allegations of fraudulent activity and complaints about procurement seriously and is committed to handling such disclosures sensitively and confidentially. Members of the public, suppliers and Council employees are encouraged to report fraud allegations or complaints about procurement processes and/or staff taking part in procurement activity to Council's Chief Executive Officer.

### **7.9 INTERNAL CONTROL**

Council has established and maintains systems of internal controls (StraightBuy & eBMS) over procurement processes that will ensure:

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

### **7.10 PROCUREMENT METHODS**

The acquisition of goods, services or works may be achieved through different methods. These methods are determined by several factors such as overall estimated cost, procurement strategy, the competitive landscape, the term of the contract or period of construction, the scope of the contract and the amount of risk involved in the delivery of the service or works.

Project values are inclusive of GST, provisional sums and all amounts payable under any optional extension periods. The scope of projects must not be split into smaller portions to avoid proper process unless there is significant savings to be realised or there are specialised components required that are not generally a core activity for suppliers/contractors and require separate consideration.

---

Council procurement methods encompass the following:

- Purchasing Card;
- Quotations – A purchase order following a quotation process;
- Tenders – A contract following a public tender process;
- External Agents – A contract established by a third party agent where council is eligible to participate;
- State Purchase Contract or a Whole of Victorian Government Contract; and
- A contract entered into under an arrangement approved by the Minister for Local Government.

An Expression of Interest (EOI) may be sought in accordance with Section 186[1] of the Act where:

- There is the potential of receiving many tenders, tendering would be costly or the procurement is complex and council does not wish to impose the costs of preparing full tenders on all tenderers;
- Uncertainty of the degree of interest of suppliers to offer the proposed goods or services or undertake the works.

The Tendering & Contracts Policy addresses the requirements for each of these Procurement methods.

## **7.11 PROCUREMENT THRESHOLDS AND COMPETITION**

### **7.11.1 Tenders**

The thresholds prescribed by the Local Government Act for the purchase of all goods and services with an estimated expenditure greater than \$150,000 and building and construction works with an estimated expenditure greater than \$200,000 for the whole term of the Contract must be undertaken by a public tender process. These thresholds will apply to all tendering processes conducted by Council unless one of the nominated exemptions applies (e.g. Legal Services).

These thresholds will be amended in accordance with any future promulgations that may be initiated by the Victorian State Government.

A public tender process may be used for values less than \$150,000 if this will serve Council interests and produce a better outcome in the context of this Policy.

In the circumstance that a strong focus on local supply is required, an advertisement may be placed in one of the local news media that is distributed throughout the municipality.

Similarly there may be a requirement for national distribution. In both cases the Tender Panel will determine the best news media to provide the best access to the marketplace.

All tenders will remain open for a minimum period of 21 days, unless approval from the CEO has been given.

A minimum of three (3) tenders must be requested by Council to constitute a competitive process, however if the market being tested is deemed to be of a specialist nature and the relevant industry is limited in suppliers and less than 3 tenders are received, Council may consider that a competitive process has been conducted and accept the submitted tenders.

**Under no circumstance will late tenders or quotations be accepted by Council.**

### **7.11.2 Tender Process**

Council's tendering process will:

- Comply with the procurement principles set out in this Policy;
- Utilise a pre-tender briefing if deemed beneficial;

- Evaluations will be conducted in accordance with the methodology set out by the Tender Panel;
- An Evaluation Panel will be established to evaluate each tender against the evaluation criteria and its composition will be determined by Tender Panel;
- Tender Panels and Evaluation Panels may include external personnel in order to ensure transparency of the process and/or professional knowledge to the either or both panels;
- A tender process will be robust, systematic and unbiased;
- A weighting of up to 5% may be applied to local economic benefit;
- Once a preferred tenderer is selected negotiations can be conducted in order to obtain the optimal solution and commercial arrangements, providing they remain within the intent and scope of the tender. Such negotiations must be exhausted with one tenderer before beginning with another tenderer;
- Tender evaluation panels will produce a report of their evaluation using the appropriate prescribed template;
- Minutes of all meetings will be produced by the chairperson of the evaluation panel;
- The chairperson will maintain detailed records of all commercial-in-confidence negotiations if any occur.

### **7.11.3 Quotations**

The purchase of all goods, services and works with a value of less than the prescribed thresholds may be undertaken using Council's quotation procedures.

The amount of expenditure for a purchase will determine the process that must be followed during the procurement stage.

These processes are shown in the following table;

**Spend threshold table**

Range or total value of goods/services or works	Procurement Action	Management Requirement	Record Keeping Requirement
\$0-\$4,999	Minimum 1 verbal quote	Purchase order to be raised at time of ordering	Records to be kept in Straightbuy
\$5,000-\$9,999	Minimum of 3 verbal quotes	Purchase order to be raised at time of ordering	Records to be kept in Straightbuy
*\$10,000-\$59,999	Selective or Public Quotation in Tendersearch	Requirement to be raised in eBMS	Records to be kept in eBMS
*\$60,000-\$149,999	Selective or Public Tender in Tendersearch	Requirement to be raised in eBMS	Records to be kept in eBMS
**\$150,000 -	Public tender in Tendersearch	Requirement to be raised in eBMS	Records to be kept in eBMS
<p>Note:-</p> <p>All pricing is inclusive of GST;</p> <p>Exemptions to this table must be forwarded to the Procurement Unit who will obtain General Manager &amp; CEO approval before any purchase is made. Refer appendix 1</p> <p>* Expression of Interest, Selective or Public Tendering can be considered, and a written scope or specification must be prepared. Consideration must be given to a Risk Analysis and a Strategic Procurement Plan</p> <p>** Expression of Interest, or Public Tendering can be considered. Consideration must be given to a Risk Analysis and a Strategic Procurement Plan.</p>			

**7.11.4 Panel Contracts**

In some cases a panel of contractors will be appointed, usually on an “annual supply” or two (2) year basis.

The standard documentation specifies that these contractors will not be guaranteed any work but that they may be called on at any time to supply services, goods or works. In these cases, the contractors may be engaged by:

- Using the schedule of rates submitted in their tender, or
- requesting quotations.

Panels have advantages in that:

- any expenditure with the contractor will comply with the legislative requirements
- a formal contract is in place
- contractors can be called upon at short notice.

Once a panel is established, care should be taken in relation to the engagement of the contractors on the panel. Some aspects to consider are:

- which panel member can best provide the service
- if all members of the panel are offering a similar service, the contractor offering the lowest price may be the best option

- avoiding situations where, over the contract term, one or two members of the panel are allocated the majority of the work.

**Reference should also be made to Appendix 2, Panel Contract Thresholds.**

Exemptions to Appendix 2 must be forwarded to the Procurement Manager who will obtain General Manager & CEO approval before any purchase is made.

Refer appendix 1.

### **7.11.5 Agency Panel Contracts**

Council has available various Agency Panel arrangements, i.e. Panel Contracts through Procurement Australia, MAV Procurement and the Victorian Government Purchasing Board. To ensure compliance, Council must engage the appropriate business rules of the Agency. To ensure this occurs, the use of Agency Panel arrangements must be conducted by Council's Procurement Unit.

## **7.12 ACHIEVING VALUE FOR MONEY**

### **7.12.1 Requirement**

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

### **7.12.2 Approach**

The process for achieving value for money will be facilitated by:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- Effective use of competition;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes including appropriate use of e-solutions;
- Council staff involved in procurement acquisitions or management providing competent advice in terms of available products and services; and
- Working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired;

### **7.12.3 Best and Final Offer (BAFO)**

To complement the Value for Money solution Council may include relevant clauses in tender conditions associated with Construction and Major Service tenders where a Lump Sum price is requested. These tender conditions will provide Council the option to initiate a BAFO with short listed tenderers that may result from the overall tender process.

Primarily, a BAFO process is conducted after the close of the tender process, during the evaluation stage. It is described as a means to assist selection of a preferred tender when the offerings provided by two or more tenders are of similar weighting or are difficult to distinguish between, or in the event that all tenderers have submitted prices that exceed the budgeted amount.



### 7.13 PERFORMANCE MEASURES & CONTINUOUS IMPROVEMENT

Wherever possible, Contracts must contain measurable performance criteria and reporting systems to establish the monitoring of contractor performance and compliance.

These criteria must be measurable and relevant to the goods, services or works being provided to accommodate the following requirements:

- Highlights performance trends and exceptions in the areas of specified qualitative and quantitative deliverables;
- Provides high level capabilities in auditing and monitoring service delivery; and
- Encourages continuous improvement in service delivery methodologies.

At the completion of each contract, Contract Managers must undertake a post contract analysis.

This will include the need to:

- evaluate contract performance
- document lessons learned, and
- update policies or procedures, where required.

### 7.14 SUSTAINABILITY

Council endorses the practice of sustainable procurement and the sourcing of environmentally preferable products and services whenever they perform satisfactorily and are available at a competitive price.

Sustainable procurement practice will demonstrate to the community that Council's purchasing decisions can improve markets for environmentally preferred products, enhance environmental quality, be resource responsible and contribute to progress toward sustainability.

Procurement decisions should be made on the basis of value for money, rather than just the lowest purchase price. This includes consideration of both the full life-cycle and total cost of ownership such as procurement price, operation and maintenance costs, the environmentally responsible disposal of the product at the end-of-life together with non-price factors including contribution to the Council's sustainability objectives.

Council is also committed to reducing its environmental impacts and will encourage the design and use of projects and services that have been produced to ethical standards which have minimal impact on the environment and human health. This includes but is not limited to:

- waste management;
- recycling;
- energy management;
- emissions management;
- water conservation;
- green building design; and
- environmentally sustainable procurement.

These principles are detailed in Council's Sustainable Purchasing Guidelines, available for viewing on Councils Record Management System.

Council will therefore consider the following environmental sustainability criteria:

- **Reduce, Reuse, and Recycle:**

Council is committed to reduce resources, consumption and minimise waste during the procurement life cycle including:

- Encourage Eco-friendly products;

- Selecting energy, fuel and water efficient products (ideally Energy and Water Star Ratings of 4 Star and above, and the highest Green Vehicle Guide star rating);
  - preference to purchasing from a source which is less polluting or uses clean technology; and
  - Contract Managers of projects should automatically consider the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.
- **Buy Recycled:**  
Council is committed to purchasing recycled/part recycled products to minimise consumption and stimulate demand for recycled products in an effort to achieving zero discharge to landfill.
  - **Green Supply Chain:**  
Council shall encourage suppliers to adopt good environmental practices. The Council will actively promote green procurement throughout its supply chain and ensure selection which has minimum environmental impact.

Product specifications should be written to encourage suppliers to develop environmental best practices.

The subsequent acquisition of goods and services should contain sustainable evaluation criteria and an environmental risk assessment should be undertaken to establish the nature of the criteria and the appropriate weightings. Suppliers will need to provide full details on the life cycle impacts of their products so that this assessment can be adequately conducted and a satisfactory outcome achieved.

Council staff should follow the principles of the ECO-Buy organisation and encourage the purchasing of green products. Green purchasing is an ideal way for Council to demonstrate to its community that it is taking positive steps to create a more sustainable future by choosing to buy products that are less damaging to our environment and human health.

#### **7.14.1 Diversity**

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

#### **7.14.2 Support of Local Business and Industry**

Council recognises the need to support the local economy. To encourage this, Council will actively seek offers from local suppliers where possible by:

- encouraging participation from local suppliers and
- including an evaluation criteria that gives a maximum weighting of 5% for local content where considered relevant by the Tender Panel.

To accommodate this support, Council has encouraged local traders to register on Councils e-tender board. This will enable the traders to be emailed details of any tender opportunities within their field of registration.

#### **7.14.3 Buy Australian**

In accordance with Section 186(3) of the Local Government Act, Council will give preference to goods, equipment, material or machinery manufactured in Australia and New Zealand whenever practicable.

---

#### **7.14.4 Ethical Standards for the Acquisition of Textiles, Clothing and Footwear**

Council supports the application of ethical standards in the acquisition of textiles, clothing and footwear as espoused by industry associations such as Ethical Clothing Australia. These standards are designed to ensure that businesses are committed to taking practical steps to keep their Australian-based supply chains transparent and ensure that they and any sub-contractors are compliant with relevant Australian laws.

Suppliers of textiles, clothing and footwear will need to demonstrate their commitment to observing ethical standards in the supply of products to Council.

#### **7.14.5 Charter of Human Rights and Responsibilities Victoria**

The [Charter of Human Rights and Responsibilities Act 2006](#) (the Charter) sets out the basic rights, freedoms and responsibilities of all people in Victoria. It is about the relationship between government and the people it serves.

The Charter requires public authorities, such as Victorian state and local government departments and agencies, and people delivering services on behalf of government, to act consistently with the human rights in the Charter.

The Charter recognises that as human beings all persons have basic rights, including the right to be treated equally, to be safe from violence and abuse, to be part of a family and to have our privacy respected.

In certain circumstances some rights have limitations, however this only applies where necessary with the reasons for the decision being clear, transparent and reasonable.

Council expects all Councillors and staff members to be cognisant of the requirements of this Act and adopt and implement these fundamental rights in their day to day dealings.

### **7.15 SOCIAL PROCUREMENT**

Council is committed to supporting social procurement because of the positive social impacts this provides to both Council and the community. Council has developed processes to ensure that social enterprises become part of a diverse and dynamic supplier market.

The decision within Council to engage with social procurement may originate in a number of ways. For example, if:

- Council has scope for the inclusion of social benefits when issuing a tender;
- A current contract is soon to expire, allowing for a revision of service delivery and contracting arrangements; and/or
- When particular social issues in a community are not being addressed using traditional approaches.

Existing contracts may also be varied so that social impacts are incorporated for the delivery of goods and services. In this case Council officers should engage all suppliers in social procurement practices where appropriate and seek their cooperation to explore possibilities for subcontracting to social benefit suppliers.

Tender documents or Requests for Quotation should contain:

- Suitable social clauses and weightings to achieve the desired social benefits;
- Appropriately designed response statements to allow suppliers to clearly articulate how they will deliver social impacts; and
- Social clauses that are framed as measurable deliverables rather than aspirations.

A pre-tender briefing may be necessary to explain the detail of the social clauses, particularly if they refer to complex matters with which mainstream suppliers may not be familiar.

## 7.16 ABORIGINAL ENGAGEMENT

Central Goldfields Shire Council aims to stimulate Aboriginal entrepreneurship, business development and employment by providing Aboriginal businesses with more opportunities to participate in the economy. Council is committed to explore opportunities in engaging Aboriginal businesses for the delivery of goods or services, and encourages tender applications from such enterprises.

## 7.17 DISABILITY ACT

The Disability Act provides for:

- a stronger whole-of-government, whole-of-community response to the rights and needs of people with a disability, and
- a framework for the provision of high quality services and supports for people with a disability.

The Act sets out principles for people with a disability and for disability service providers.

Council officers should be cognisant of the requirements of the Act and incorporate into Council dealings wherever applicable.

# 8. Related Documents and references

---

## Legislation

The key legislative requirements include:

- Section 186 of the Act [Power to enter into Contracts];
- Section 186A of the Act [Procurement Policy];
- Section 3C of the Act [Objectives of a Council];
- Sections 208C of the Act [Applying Best Value Principals];
- Sections 77A, 77B, 78, 78A to 78E, 79, 79B to 79D, 80, 80A to 80C and 95 of the Act [Conflict of Interest];
- Section 98 of the Act [Delegations];
- Section 140 of the Act [Accounts and Records];
- The relevant provisions of the *Competition and Consumer Act 2010*;
- Aboriginal Heritage Act 2006
- Victorian Aboriginal and Local Government Action Plan.

Council is required to comply with the provisions of the above Acts in all procurement matters.

## Documents

- Conflict of Interest Policy
- Council Delegated Authority
- Tendering & Contracts Policy
- Staff Code of Conduct Policy
- Gifts, Benefits & Hospitality Policy
- Procurement Risk Management Policy

## Human Rights Consideration

The implications of this Policy have been assessed in accordance with the requirements of the Charter of Human Rights and Responsibilities Act 2006.

## **Information Privacy**

This Policy has been developed in accordance with the Privacy and Data Protection Act 2014 and the Information Privacy Principles within;

- The public has a legal right of access to information.
- Local governments are required to publish information concerning the documents they hold.
- People may request that inaccurate, incomplete, out-of-date or misleading information in their personal records be amended.
- People may appeal against a decision not to give access to the information or not to amend a personal record.

## **Risk Assessment Reference**

This Policy aligns to the core Risk Management Standards as outlined in the Central Goldfields Shire Council Risk Management Strategy and Action Plan.

<b>Page No.</b>	<b>Version/Item / description</b>
13	Version 7 Clause 11.4 Panel Contracts - new clause inserted
8	Version 8 Clause 7.9 delete "large" & insert "high risk"
14	Version 9 Clause 11.5 Agency Panel Contracts - new clause inserted
20	Version 9 Control Information - Remove Officers Name from Author & Responsible Officer and replace with Officers Title
12	Version 9 Clause 11.3 Spend Threshold Table - insert "Consideration must be given to a Risk Analysis and Strategic Procurement Plan"
2	Version 9 Definitions - insert definition of Evaluation criteria
	Version 9 Updated Appendix 1 & 2
	Version 11