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Doing business with Darebin City Council

A guide to better understand how to successfully become a supplier.

Introduction	3
What is 'procurement'?	3
Procurement factors	4
Council procurement and the law	5
The Local Government Act	5
Council procurement policies	5
Ethical standards	5
Methods of procurement	6
Quotes	6
Public tendering	6
Request for information / Expression of interest	8
Aggregated procurement	8
Becoming a registered / contacted supplier	8

Trying to understand how to successfully become a supplier for local government can be quite daunting. There are a lot of rules and regulations and understanding why and how decisions are made is important.

This guide is designed to encourage potential suppliers to form profitable, long term partnerships with councils. For existing suppliers, this guide should also help to reveal why councils work the way they do.

What is 'procurement'?

Procurement is simply buying products, services and works. While textbooks have been written on the subject, it just comes down to councils trying to get best value when spending public money, in a way that is fair and transparent for everyone.

Councils have to follow certain rules set down by the State Government, operate under the Local Government Act, and also have to follow rules that their own Councillors have decided on.

Councils spend money on a huge range of things - from roads, footpaths, recreational and community facilities, parks and trees; to heavy vehicles, office equipment, professional services, utilities and more.

Council contracted in (2021/22)	
\$120.10 million	Building & construction of facilities, maintenance and renewal of roads and streets
\$49.00 million	Services
\$5.50 million	Consultancy
\$0.60 million	Information Services
\$7.10 million	General goods

Procurement factors

When trying to decide how to best spend public money, councils take into account a range of factors;

1. Quality and performance;
2. Value for money;
3. Community expectations and values;
4. Social and Sustainable benefits
5. Opportunities for local employment growth;
6. Environmental sustainability.

COUNCIL PROCUREMENT & THE LAW

The Local Government Act

Councils are subject to the Local Government Act 2020 (The Act). Amongst other things, this State Government legislation says that the way councils purchase goods or services depends how much is being spent. At Darebin purchases of goods and services above \$300,000 must go to public tender, which can be quite a lengthy and involved process.

Under certain conditions though, councils can be exempted from the procurement provisions of The Act, those categories are listed in councils Social & Sustainable Procurement Policy

Of course, councils must also adhere to other Federal and State regulations governing their entire range of operations, including Occupational Health & Safety law, tax law, applicable Australian Standards and more.

Council social and sustainable procurement policy

The Act also requires each council to develop their own set of rules for buying goods and services, called a Procurement Policy. Usually, this will contain other cost benchmarks. For example, a council may require three separate quotes for purchases between \$10,000 and \$300,000.

Council procurement policies are publicly available and are advertised on the council website. It's a good idea to get your hands on the policy and also seek assistance interpreting services, available through Council, so you know upfront what the council has to do when buying.

The purpose of the procurement policy is to be consistent with the requirements of S108(2) of the Act and to:

- Seek to promote open and fair competition and provide Value for Money;
- Provide clear guidelines to the Council to allow consistency and control over procurement activities;
- Demonstrate accountability to ratepayers and residents;
- Provide guidance on ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the municipal community when procuring goods and services; and
- Seek to undertake collaborative procurement where it represents a value benefit for Council.

Ethical standards

Communities rightly expect the highest levels of good governance and ethical standards from all levels of government. As a result, councils take any suggestion of anti-competitive, collusive, dishonest or corrupt behaviour very seriously. All suppliers to councils are expected to maintain the highest standards of behaviour and avoid all conduct that does not promote fair competition and dealings. Legislation limits council officers from receiving gifts, entertainment or services of a value that may exceed \$500 over the course of a five-year period. Additionally, councils have separate gift policies they must adhere to. Anything that may be construed as an attempt to gain preferential treatment is strictly prohibited.

METHODS OF PROCUREMENT

Quotes

Local councils will often seek quotes from suppliers. Typically, councils will get at least three quotes for purchases between \$10,000 and \$300,000.

Quotes do not need to be publicly advertised and will usually contact suppliers directly to seek a quote when the need arises.

NOTE: Council encourages supplier to register their business through the Join our Local Supplier Register. Suppliers are then directly sent invitations to provide a quotation based on your business services. You can also contact council officers to discuss a quote without restriction. This is different to a tender, which has strict rules regarding direct contact. Keep in mind that councils deal with literally hundreds of suppliers across thousands of products and services, so be sure that any contact is absolutely necessary to respond to the quote accurately.

Public tendering

Really, a tender is just a more formal quote process. There are more rules, and it needs to be publicly advertised, usually in a newspaper, but essentially, a council invites all interested suppliers to put a bid in to supply the goods or services or works needed.

The rules of engagement are clearly stated within the tender documents that are prepared by the council. A tender will also clearly set out what the council needs, and on what criteria the council will be comparing and basing their decision on. To be successful, you must carefully address each selection criteria.

Request for information / Expression of interest

Often referred to as an RFI or EOI, they are used by councils to explore the ability of the market to supply specific and unique requirements.

It is usually the first stage of a complex tender and allows councils to prequalify suppliers who are likely to be capable of fulfilling the council's requirements through a formal tender.

Aggregated procurement

From time to time, groups of councils may choose to go to market together to drive bulk discounts. Besides better prices, having just one tender for a number of councils reduces administration, saves time and saves money for everyone involved.

Third party organisations, like [MAV Procurement](#), Procurement Australia and also State Government Contracts are able to conduct aggregated tenders on behalf of councils, once they receive written permission. At the end of the tender process, those councils can use the successful suppliers if they wish, but they can still choose to run their own separate process if they believe the outcome is unsuitable.

Becoming a registered or contracted supplier

Terms can vary between councils, but usually, a 'contracted supplier' has successfully participated in a tender process, thoroughly market tested and compliant with all requirements.

Councils often maintain a 'panel' of contracted suppliers for in-demand products and services. This allows them to pick and choose the best supplier for the job or use whoever

CRITICAL FACTORS – selection criteria

Councils will not base their choice of supplier on cost alone. The most important factor is the ability of the supplier to provide the product, service or work to the standard expected, as outlined in any tender specifications or quote. Price then becomes an important consideration, but only once the supplier is identified as having the skills and resources required. Some other factors include local economy support, environmental sustainability and social responsibility.

Some things councils expect from suppliers are not negotiable and must be in place to win council work. It depends on the sorts of products and services supplied (including works and construction), but things like appropriate training, relevant accreditation and licenses, and up-to-date insurance cover are common legal and procedural requirements. If they are requested, you must include them.

Social Procurement – promoting equity and diversity

Council has a long-standing commitment to serving and responding to the diverse needs of its community. This is stated in the Council Plan 2017-2021 which places a strong emphasis on equity, diversity and inclusion considerations across all aspects of Council business.

Our purchasing and procurement decision making will, where relevant, take into account policies and practices that suppliers adopt as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and setting and monitoring of targets, Council seeks to encourage suppliers to consider delivering on socially inclusive outcomes. To achieve this outcome customized evaluation criteria will be tailored to each sourcing event depending on the nature of the contract.

Occupational health and safety

Councils see the health and safety of all people in a workplace of the highest importance, and they expect their suppliers and contractors to make things as safe as possible. When suppliers are asked to prove how they manage OH&S, the standard expected will depend on the type of work being undertaken and the risks involved. Expectations may range from a fully certified OH&S management system to simply having a one page OH&S policy.

Councils have the right and ability to audit suppliers' OH&S policies and procedures at any time over the life of the contract, and in some instances, can also physically inspect worksites.

Failure to have adequate OH&S policies in place will fail a tender application, regardless of the quality of the rest of the tender.

Insurance

All businesses should maintain the relevant and appropriate insurance cover. Councils usually require proof of public liability coverage, but additional policies may also be required. Insurance coverage is expected to be maintained throughout the duration of the contract or engagement, and documentation must be available to councils at all times.

It's not just to create more paperwork, it's to protect the council, the community and the supplier if something goes wrong. Suppliers must also be careful to ensure that the entity covered by their insurance policies is actually the one contracting with council, rather than, for example, a trust.

Quality assurance

Community expectations of council's services have never been higher. As a result, suppliers to local government must have proper quality assurance processes and procedures in place. As always, the level of QA expected will depend on what is being delivered. The higher the value and risk, the greater the expectation. Of course, it goes without saying that suppliers must ensure that they are delivering what was asked for in the quote or tender specification, matching or exceeding the council requirements. Should anything go wrong or a problem arise, suppliers should also be able to show how they will fix any issues quickly and efficiently.

Local community driven goals

To help support local businesses and the local economy, councils will try to direct business through local and regional partners. In the financial year ending June 2022, \$12.5m was paid to local businesses.

The relative importance given to community and social procurement goals will be outlined in the quotation or tender documentation.

Environment and sustainability

Positive environmental outcomes are increasingly important to councils. All things being equal, suppliers offering green credentials and environmentally friendly practice will be more favorably considered.

Our decision-making process will, where relevant, take into account efforts of suppliers to achieve higher standards of environmentally sustainable practices in their own businesses as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and the setting and monitoring of targets, Council will endeavour to encourage suppliers to consider delivering on sustainable policies and practices

It is understandable that not all suppliers have formal environmental accreditation, especially smaller organisations. In many cases, showing a legitimate commitment to sustainability is a big step to winning council business.

Technology

There is now a move away from traditional tendering methods towards electronic tendering. Many councils post tenders and any relevant tender documentation online. Interested suppliers can download the files and submit their tender responses on the website. Often, suppliers can also interact with the council via the online forum where they can post questions regarding the tender.

FREQUENTLY ASKED QUESTIONS

[How do I find out about tender opportunities?](#)

There are a variety of ways to find out about upcoming tenders. If you are looking at doing business with a particular council, you should visit their website to view their upcoming tenders. If you are located in Darebin or in Melbourne's greater north region, you can register for our "Local Supplier Register". This is for local suppliers and social enterprises, including Kinaway Commerce businesses and disability enterprises. Another way is to keep a look out for tender advertisements in the Age newspaper, local government tender sections, Saturday edition.

Submission deadlines for tenders are strict. If a tender is submitted late, it will not be considered. So allow for any errors that may occur, human or technological, and submit tenders at least 24 hours before the deadline in the correct format. It is also important to be aware of any time differences and the effect of daylight savings so you do not submit at the incorrect time.

When responding to a tender, ensure to answer all the requirements to the best of your ability. Tenders that fail to answer all requirements are listed as non-compliant, which severely limits your chances of success.

[I'm a small or CALD business – it looks difficult reaching some of these benchmarks...](#)

Don't be so sure. Councils don't expect everyone to have International Standard or best practice systems in place, especially small local businesses. So, think about how your company or business is doing even the smallest things to address areas like corporate responsibility or risk management, or environmental factors. Also contact council's procurement team who will assist you in your ability to become a supplier to council.

[Can I submit a non-compliant tender?](#)

Yes, but usually only if you also include a compliant tender as well. You may be able to provide a better model of service or product than what is being asked for, but you must address what is called for in the tender specification before you offer the alternative.

How do I respond to a tender?

Instructions for responding to a tender can be found in the tender documents.

Who else can find out about my offer?

Submissions are treated as confidential and any information submitted in a tender will not be distributed to external parties. Submissions will only be viewed by council staff responsible for evaluating and making decisions regarding the tender.

Why do councils want me as a supplier?

Councils want you as a supplier because competition provides better outcomes. Councils are always on the lookout for new and innovative suppliers who can help them improve. And for many councils, contributing to the local economy is considered an important function of local government.