



# **DAREBIN CITY COUNCIL'S SOCIAL AND SUSTAINABLE PROCUREMENT POLICY**

**EFFECTIVE: 1 OCTOBER 2021**

*ACHIEVING SOCIAL AND SUSTAINABLE OUTCOMES THROUGH OUR  
PROCUREMENT ACTIVITY.*

**ADOPTED BY COUNCIL: 23 AUGUST 2021**

# Procurement Policy

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## Definitions and Abbreviations

Term	Definition
Act	<a href="#">Local Government Act 2020</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 Region Group of Councils 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.
Council	Darebin City Council
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 premises that is physically located within the municipal borders of the 7 Northern Regional Councils.
Northern Councils Alliance (NCA)	The 7 Councils comprising the NCA, being the Cities of Banyule, Darebin, Hume, 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 the Council's policies and legislation, are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
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.

<b>Term</b>	<b>Definition</b>
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 advertisement to submit an offer by tender followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with pre-determined evaluation criteria.
Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> <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	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> <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>

# 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 to the Council and may differ from that of the other NCA councils and is intended to apply only to procurement involving the Council.

## B. Applicability

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

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

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.

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

## 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 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 in accordance with section 2.3.4 of this Policy;

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

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

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

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

#### **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 Staff Code of Conduct respectively, and will perform their duties ethically and with integrity and must:

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

#### **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.

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

Any suspected improper conduct, including suspected fraud, corruption, substantial mismanagement of public resources, risk to public health and safety, risk to the environment, or detrimental action 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 commercial terms.

#### 2.1.7 Disclosure of Information

Commercial in Confidence information received by the 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, quotation or during tender negotiations; and
- Commercial in Confidence information.

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

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

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

#### 2.1.8 Complaints & Reporting suspicious activities

##### **Complaints Handling**

Members of the public and suppliers, are encouraged to report known or suspected incidences of improper conduct to the CEO. Councillors and Council Staff will report and manage complaints in accordance with Council's internal policies and processes.

##### **Reporting Suspicious Activities**

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

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

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

## 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 the 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;
  - Guarantee that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quotation; and
  - Encourage competition and collaboration,
- even where the CEO runs a procurement process under delegation.

### 2.2.2 Methods

The 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 for goods or services that represent best Value for Money under the quotation thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council for the provision of services, goods or works in accordance with the Council's procurement thresholds and guidelines;
- 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;
- Purchasing 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.

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

### 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 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 (incl. GST) for goods, services or works.

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

#### 2.3.2.1 Exemptions from tendering

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

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made because of genuine emergency or hardship	<ul style="list-style-type: none"> <li>• Where the Council has resolved that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, declared emergency).</li> </ul>
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party.	<ul style="list-style-type: none"> <li>• 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 Australia (PA). Normal RFQ process according to Appendix I applies</li> </ul> </li> </ul>
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 – Issues based advice which is unable to be quantified. All other legal advice and planned services will be subject to quotation or tender process in accordance with this policy.</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 the Act and due diligence has been undertaken in respect to the new party.</li> </ul>

Exemption Name	Explanation, limitations, responsibilities and approvals
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. Regional Waste and Resource Recovery Groups	<ul style="list-style-type: none"> <li>Situations where a Regional Waste and Resource Recovery Group constituted the Environment Protection Act 1970 had already conducted a public tender for and on behalf of its member councils.</li> </ul>
8. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> <li>Motor vehicle compulsory third party</li> <li>WorkCover</li> </ul>
9. Operating Leases	<ul style="list-style-type: none"> <li>Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.</li> </ul>
10. 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 and:

- It is in the public interest;
- 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.

#### **Sole Sourcing:**

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

Sole sourcing is subject to existing delegations.

#### **Select Sourcing:**

Select sourcing is subject to existing delegations.

### 2.3.3 Public Tender Requirements

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

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

#### 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 at least 3 persons as well as a chairperson.

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

The Council may include the following evaluation criteria categories to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act);
- Tendered price;
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the Goods and/or Services and/or Works; and
- Demonstration of sustainability.

#### 2.3.3.3 Probity Advisor

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

- Where the proposed Total Contract Sum exceeds \$1 million over the life of the contract or greater value set by Council from time to time; or
- Where a proposed contract is considered by Council or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

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

#### 2.3.3.4 Shortlisting and Negotiations

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

Shortlisted tenderers may be invited by the Council to submit a best and final offer in relation to all or certain aspects of their respective tenders. Once 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(c) of the Act, the Council will first 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 commencing a procurement process must set out information relating to opportunities for Collaborative Procurement, if available, including:

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

When collaborating with the NCA, the 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 provision 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 Collaborative Procurement is to be pursued:
  - A pre-market approval submission will be submitted to each Council and 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 identified through the Collaborative Procurement process, or may choose as a group 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;
    - Preparation of, and agreement to, the specifications;
    - Ensuring probity for the Collaborative Procurement; and
    - The acceptance of tender(s) and awarding of contract(s).

Furthermore, 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.

## **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 the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Council has delegated responsibilities relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotations and tenders and 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.

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

Council awards some contracts that are strategically critical and of relatively high value. Council *will* provide additional senior oversight to the management of such significant contracts.

### **3 Demonstrate Sustained Value**

#### **3.1 Achieving Value for Money**

##### **3.1.1 Requirement**

The Council's procurement activities will be carried out on the basis of obtaining Value for Money. This means minimising the total cost of ownership over the lifetime of the requirement 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 activity in accordance with the direction set out in the 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 within the Council providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional, productive, and are appropriate to the value and importance of the goods, services and works being acquired.

#### **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 the 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. The 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.

### 3.2.3 Principles and objectives

In its [Sustainable Procurement Policy as detailed in Appendix 2](#), Council commits to:

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

The following Economic, Environmental and Social objectives have been determined in line with these principles.

Area	Principles	Objectives
Economic	<p>Council is committed to procurement that supports Local Business and economic diversity in the NCA. Where practicable and applicable Council will give preference to goods manufactured or produced in Australia and will actively seek quotations and tenders from Local Businesses in the Northern Region.</p> <p>Council’s Sustainable Procurement Policy (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>• 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;</li> <li>• Build relationships with Local Business and encourage procurement from them to help build their capacity; and</li> <li>• Increase local employment.</li> </ul> <p><i>Appendix 2 details the policy by which Council will achieve the above objectives.</i></p>

Area	Principles	Objectives
Environmental	<p>Where applicable Council will purchase goods, services and works that reduce air, water and soil pollution, greenhouse gas emissions, waste production, natural resource depletion and biodiversity depletion whenever they present an acceptable Value for Money outcome, and in some cases where they might not. Council's sustainable procurement strategies (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> <li>• Considering a product's 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 and 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><i>Appendix 2 details the policy by which Council will achieve the above objectives.</i></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. Council's sustainable procurement (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 vendors 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 the NCA;</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><i>Appendix 2 details the strategies by which Council will achieve the above objectives.</i></p>

## 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

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

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

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.

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 the individual 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 the individual Council.

#### 5.1.3 Policy Enquiries and Contact Details

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

Email: [ProcurementandContracts@darebin.vic.gov.au](mailto:ProcurementandContracts@darebin.vic.gov.au)

Phone: (03) 8470 8888

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## APPENDICES

All policy requirements contained within these Appendices Sections are only applicable to Darebin City Council.

### Appendix I - Darebin City Council Procurement Methodology Thresholds

#### Requirement for quotes and tenders

The following procurement thresholds apply to procurements undertaken by Council:

Procurement Threshold Incl of GST	Procurement Methodology
<\$10,000	<p>&lt;\$1,000 Verbal quote to justify the one-off purchase.</p> <p>&gt;\$1,000 Obtain at least one written quotation for one-off purchase.</p> <p>Minimum of three written quotes are to be invited from suppliers who are considered able to meet the requirements.</p> <p>Used for One-off or Cumulative spend.</p>
\$10,001 - \$50,000	<p>When seeking and or evaluating quotes, defined weightings will be applied to local and social suppliers.</p> <p>A minimum of one local and social business supplier must be invited, depending on availability of local suppliers.</p>
\$50,001 - \$300,000	<p>Undertake a formal Request for Quote. The process is supported and coordinated through the Procurement Unit by following the process within Council's eTendering Portal.</p> <p>Publish formal Request for Quote using Council and other commercial business eTendering Portals.</p> <p>More than three written quotes are to be invited/received from suppliers for evaluation.</p> <p>Mandatory inclusion of S&amp;S objectives.</p> <p>Used for One-off or Cumulative spend.</p> <p>Defined weightings will be applied to local and social business suppliers with a minimum of one local supplier must be invited, depending on availability of local suppliers.</p>
>\$300,000	<p>A public tender process is required for goods, services or works.</p> <p>Used for One-off or on-going cumulative spend where the life of the contract is expected to exceed \$300,000.</p> <p>or</p>

Procurement Threshold Incl of GST	Procurement Methodology
	Consideration joint regional collaborative procurement taking advantage of economies of scale and efficiencies.

Obtaining sufficient quotations can sometimes be difficult, e.g. if there are few suppliers for the goods, services or works being sought or where the work is highly specialised. In such a case contact Procurement Unit to discuss options or alternative processes.

### Cumulative Spend

From time to time Council will find it necessary to enter into multiple contracts with a single supplier over a longer period. The cumulative value of those individual contracts (ie. the aggregate value of the multiple contracts) may exceed the procurement thresholds stated above. In each case where multiple contracts are likely to be necessary Council will give careful consideration to:

- their likely cumulative value and, if it exceeds the thresholds stated above, consider adopting the applicable procurement process; and
- other potential suppliers of the relevant goods, services or construction works before entering into a subsequent contract with the same supplier.

This is guided by the Victorian General Auditor's Office (VAGO) and Local Government Victoria (LGV) - see the Victorian Local Government Best Practice Procurement Guidelines, published in 2013

### Purchasing Methods

The City's standard methods for purchasing goods, services and works shall be via:

- Purchase order following a quotation process
  - Under contract following a tender or quotation process or
  - Consider beneficial advantages to sources supplier via an collaborative purchasing arrangements with other councils or aggregated schemes such as provided by Procurement Australia, Municipal Association of Victoria, State Purchase contracts, Whole of Victorian Government contracts and the construction suppliers register.
- Note: Use of collaborative or aggregated schemes are to be accessed in accordance with procurement governance protocols, evaluation methods and Sub-Delegation authorisations.

### Other Procurement methods include:

- Purchasing card – purchasing cards are available for select staff in accordance with Corporate Purchasing card policy
- Petty cash - a petty cash system operates to reimburse legitimate, urgent and operational business expenses incurred by city staff in the course of discharging their roles (in accordance with Petty cash policy). The maximum claim for petty cash is \$100 and must be authorised by the requesting officer's supervisor.

### Measures which intentionally avoid public tendering

Procurement transactions will not be split to circumvent these thresholds. Measures

which intentionally seek to avoid the requirement to give public notice, for example, contract splitting, placing multiple orders, seeking multiple quotations with a single supplier or engaging in effect a single supplier under different guises, are considered to breach the requirement to call public tenders where threshold values would otherwise be reached. Council must act with good faith in this regard.

# Appendix 2 Darebin City Council – Sustainable Procurement Policy

## Sustainable Procurement Commitment

### INTRODUCTION

### OUR VISION

Darebin City Council's (Darebin) Social and Sustainable Procurement Policy (Policy) puts social and sustainable outcomes at the heart of our procurement activity.

By leveraging Darebin's significant buying power, our Policy will enable us to increase the social benefit and economic prosperity of our community as a direct result of our purchasing of goods, services and construction work.

We want to ensure that value for money is not just about cost, but also translates into social, economic and environmental value and benefit for our community.

### Glossary

<b>Social Procurement</b>	<p>Social procurement is when we use our buying power to generate social value and benefit that goes above and beyond the value of the goods, services, or construction works that are being purchased. Social procurement ensures that purchasing decisions include equity, inclusion and diversity outcomes that will collectively achieve a more holistic community result – a quadruple bottom line approach (one which delivers social, economic, environmental and governance outcomes).</p> <p>This approach aims to deliver maximum value for our community - helping to address inequality while we go about our day to day business.</p> <p>There are two primary forms of social procurement:</p> <ol style="list-style-type: none"><li>1) Direct - engaging a social benefit provider to deliver goods or a service.</li><li>2) Indirect - including social benefit(s) as an outcome of a procurement contract.</li></ol>
<b>Sustainable Procurement</b>	<p>Separate from social procurement, sustainable procurement includes specific factors that can be considered that will deliver environmental benefits. This can include using re-usable or recycled materials, choosing low energy or low water consumption options, or designing and constructing energy efficient buildings. This ensures that our community achieves value for money for the life of the project (long term) by generating benefits not only for the organisation, but also for our community and our economy, while minimising its impact on the environment.</p> <p>Sustainable procurement involves decision-making that has the most positive environmental, social and economic impacts possible across the entire life cycle of goods and services.</p>

<b>Social Enterprise</b>	<p>Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to new opportunities, employment and training or support the sustainability and health of our environment and biodiversity.</p> <p>Income generating social enterprises often play a key role in supporting marginalised and disadvantaged job seekers and provide real pathways to development and employment.</p>
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### **Why are we doing this?**

At Darebin, our mission is to preserve and improve the physical, social, environmental, cultural and economic health and wellbeing of our neighbourhoods, while ensuring quality of life for current and future generations.

Our Policy provides a key pathway to achieving this mission. Using our collective buying power, Darebin can enter into procurement contracts that will contribute to creating a fair, inclusive community that is both environmentally and socially sustainable.

As a socially responsible organisation and employer, this approach brings us into line with local, national and international practices and references the Victorian State Government's Social Procurement Framework.

### **Continuous improvement**

Council will implement management reporting systems to monitor performance against targets and compliance with procurement policy and guidelines.

Procurement procedures, innovative practices, guidelines and costs will be benchmarked externally. Internal service standards will be agreed within Council and set performance criteria against these targets will be measured, reported and reviewed regularly to support continuous improvement.

### **Social and Sustainable Procurement**

Council will consider Social and Sustainable procurement options in all purchasing decisions. To achieve this, customised evaluation criteria will be developed and tailored, depending on the nature of the contract.

To support Council to achieve its objectives, the following principles apply:

- Understand our procurement spend – recognising that value for money is more than price paid
- Provide more opportunities for the local business community, in particular our social enterprises, to increase their capacity and capability to become suppliers to Council
- Increase opportunities for local businesses and social enterprises to create capacity for local job seekers, especially those who are marginalised, disadvantaged and under-represented in the work force
- Work to reduce our negative impact on the environment, support our climate emergency goals and move towards our aim of being carbon neutral by 2020 by adopting thoughtful purchasing behaviours
- Focus on the quadruple bottom line in procurement which incorporates social, economic, environmental and governance considerations that can be measured, evaluated and reported on
- Lead in procurement governance practices of integrity, probity and accountability while building organisational capability and expertise
- Achieve equity, inclusion and diversity outcomes

## WHAT IS SOCIAL AND SUSTAINABLE PROCUREMENT

### 1. 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.

Council strongly believes that all people, in their diversity, should have fair and equitable access to opportunities, infrastructure, services and information. Darebin is committed to creating a community where everyone can thrive and belong. We will work to eradicate discrimination and reduce the impact of poverty and disadvantage where we can throughout all aspects of our business and decision making.

Council recognises that not all in our community experience equal access to resources and opportunities, including participation in employment and economic activity, which are widely recognised as key factors keeping people healthy and well. We know that communities who experience high rates of unemployment generally experience poorer health outcomes.

This Policy seeks to further Council's commitment to addressing disadvantage and improving health equity by ensuring that our procurement leverages social value and positive social outcomes.

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, customised evaluation criteria will be tailored to each sourcing event depending on the nature of the contract.

The mandatory selection criteria and overall weighting of 25% will apply to:

- Local businesses at 5%
- Social at 5%;
- Sustainability at 5%; and
- Remaining 10% aligned to either category according to the procurement type or activity.

In addition, a separate to the above weighting percentage, an aspirational 10% youth dividend will form part of mandatory tender requirements.

**Table 1: Darebin City Council's Social Procurement Objectives with example Key Performance Indicator (KPI's)**

Objectives	Outcomes	<u>Example KPI's</u> (these are examples only of what may potentially be negotiated and will depend on the nature and value of the contract)
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<p>Opportunities for Aboriginal people</p>	<ul style="list-style-type: none"> <li>• Purchasing goods or services from Aboriginal businesses</li> <li>• Employment of Aboriginal people by suppliers to Darebin Council</li> </ul>	<p>The awarding of a contract to Aboriginal businesses either directly or through subcontracting.</p> <p>Supplier will attend Aboriginal employment expo or similar.</p> <p>Supplier will engage in cultural awareness training.</p> <p>Supplier will develop a Reconciliation Action Plan (RAP).</p>
<p>Opportunities for people with a disability</p>	<ul style="list-style-type: none"> <li>• Purchasing goods or services from social enterprises and disability enterprises</li> <li>• Employment of people with disability by suppliers to Darebin Council</li> </ul>	<p>Supplier will become member of a disability employment network.</p> <p>Number of new employment opportunities created for local people with disabilities.</p>
<p>Opportunities for disadvantaged people</p>	<ul style="list-style-type: none"> <li>• Purchasing goods or services from Victorian social enterprises</li> <li>• Job readiness and employment for including but not limited to: <ul style="list-style-type: none"> <li>- long-term unemployed people</li> <li>- single parents</li> <li>- migrants and refugees</li> </ul> </li> </ul>	<p>Awarding of a contract to a social enterprise either directly or through subcontracting.</p> <p>Number of new employees from identified disadvantaged and marginalised groups.</p>
<p>Opportunities for local young people: 10% dividend</p>	<ul style="list-style-type: none"> <li>• Identifying and engaging suppliers who can offer opportunities to young people (aged 15 – 25) in Darebin, including: <ul style="list-style-type: none"> <li>- Job readiness and capacity building such as work experience, work placement or industry tours</li> <li>- Apprenticeships, traineeships, internships or cadetships</li> <li>- Those suppliers who commit to employment</li> </ul> </li> </ul>	<p>Number of employees who are apprentices and/or trainees.</p> <p>Number of work placement students engaged by supplier during contracts.</p> <p>Engagement with local school programs such as work experience or industry tours.</p>

	through Victorian government programs such as the Major Project Skills Guarantee or the Local Jobs First – Victorian Industry Participation Program	
Improve gender equity	<ul style="list-style-type: none"> <li>• Purchasing goods or services from businesses which promote the full and equal participation of women</li> <li>• Employment of women who experience barriers to employment by suppliers</li> </ul>	<p>Attendance of supplier at family-based training and/or education sessions; i.e. family violence, mental health, men’s health.</p> <p>Supplier commits to develop internal policies based on gender equity and/or health and wellbeing.</p>

Council will consider social procurement criteria in all purchases and allocate a social procurement weighting at a **minimum of 5%** in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase and used in addition to provisions for environmentally sustainable criteria as outlined below.

The criteria will reflect the objectives and outcomes outlined above and will be tailored to reflect the nature of the purchase and associated opportunities to achieve social benefit.

Where possible, Council will consider purchasing from organisations with a demonstrated commitment to human rights and improving local communities, particularly where this is evidenced by social enterprise, fair trade certification, positive and inclusive employment practices, direct community involvement or other demonstrable positive impacts on society.

When assessing potential supplier relationships, Council will consider:

- Activity that promotes inclusion through social capacity building.
- Exploring joint ventures with Council and social benefit suppliers.
- The ethical procurement of goods and services.
- Engaging local businesses that generate local employment for disadvantaged residents.
- Improving equity of access to opportunities.
- Supporting social and service innovation.
- Using procurement to reinvigorate disadvantaged or marginalised communities.
- Helping to build the capacity and capability of social enterprises.

## 2. Environmentally Sustainable Procurement

Council recognises that we are in a state of climate emergency that requires urgent action. Reducing our environmental impact is a must and this can be achieved through our purchasing activity. Council was the first government body in the world to declare a Climate Emergency and this Policy seeks to embed action in response to that declaration.

Council will, wherever possible, seek to select energy and water efficient services and practices, choose reusable, refillable and recycled options, avoid the use of single use, minimise the purchase of items manufactured from virgin materials, minimise the use of disposable items and select items which generate less waste.

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.

Wherever possible, when assessing potential supplier relationships, Council will consider:

- Reducing consumption through demand management and eliminating unnecessary purchasing.
- Alternatives such as reuse, recycle or refurbish.
- Environmental management practices of suppliers/manufacturers.
- The whole life cycle of products in terms of the impact on the environment including product manufacture, packaging, use and disposal at end of product life.
- Eliminating the use of single use plastics.
- Reducing waste to landfill.
- Improving and protecting waterways.
- Reducing water consumption and using best-fit water sources.

Council will consider environmental criteria in all purchases and allocate an environmental procurement weighting at **a minimum 5%** in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase and used in addition to provisions for social procurement criteria as outlined above.

## 3. Local sourcing opportunities

Council is a major purchaser of goods and services within the municipality and recognises that its procurement policies and practices have the potential to influence the local economy. Council is committed to procurement that supports local businesses plus economic diversity and viability. This also supports socially inclusive activities as it works to stimulate the local economy and contribute to local job creation and reduces the reliance on goods and services that impact the environment through travel and transport.

Wherever possible, when assessing potential supplier relationships, Council will consider:

- The use of local suppliers to encourage economic development.
- Generating local employment.
- Considering the life cycle impacts of products purchased on the local economy.

In support of local suppliers, Council will allocate a local content weighting at **a minimum of 5%** in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase.

**Darebin City Council's Sustainable Procurement Objectives with example Key Performance Indicator (KPI's)**

Objectives	Outcomes	Example KPI's (these are examples only of what may potentially be negotiated and will depend on the nature and value of the contract)
Address the climate emergency by reducing CO2 emissions	<ul style="list-style-type: none"> <li>• Reduced reliance on fossil fuels</li> <li>• Less energy consumed by Darebin</li> <li>• Less energy consumed by our suppliers</li> </ul>	<p>Suppliers commit to using materials that have lower levels of CO2 emissions such as recycled concrete.</p> <p>Suppliers commit to reduction of energy by engaging with Council services such as solar saver.</p> <p>Suppliers demonstrate their commitment by either investing in alternative energy, offsetting carbon emissions and renewable energy power purchases schemes.</p>
Address the climate emergency by minimising waste production	<ul style="list-style-type: none"> <li>• Reduced use of non-renewable resources</li> <li>• Reduced demand for raw materials and natural resources</li> <li>• Reduction in waste and by-products</li> <li>• Help to promote a market for recycled materials</li> <li>• Reduced environmental impact through the use of 100% recycled paper stocks.</li> <li>• FSC accreditations, <i>non-contribution to native forest logging</i> and carbon neutral/offset abilities</li> </ul>	<p>Suppliers commit to recycling programs such as recycling and composting food waste.</p> <p>Supplier commits to utilising recycled content in building and construction materials such as concrete and asphalt.</p> <p>Supplier commits to using sustainably sourced FSC certified timber products in building.</p> <p>Catering suppliers commit to zero single use plastic items.</p> <p>Supplier considers all options in relation to product stewardship.</p> <p><b><i>Purchase and use of paper products. Council and Suppliers will use 100% recycled from postconsumer waste, FSC accredited and will not contribute to native forest logging</i></b></p>

Address the climate emergency by reducing water consumption and activities that impact biodiversity	<ul style="list-style-type: none"> <li>• Less water used and less impact on water quality</li> <li>• Activities don't threaten natural habitats</li> </ul>	<p>Suppliers engaged in major capital works projects and minor maintenance contracts adhere to Darebin Council's Environmentally Sustainable Design (ESD) policy with reference to water management.</p> <p>Supplier commits to reduction of water use in production techniques or use of rainwater tanks on site.</p>
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*Note: Council officers will consider Social and Sustainable procurement options in all purchasing decisions. This will be applied on a case by case basis depending on the nature of the purchase.*

## DEFINITIONS

### Social procurement

Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction works being procured (Victorian Government 2018).

Social procurement ensures that procurement decisions incorporate consideration of social value to build real quadruple bottom line value propositions into procurement processes. Quadruple bottom line incorporates social, environmental, economic/ financial and governance considerations.

It is a powerful tool that can improve value for money and community benefit by integrating and furthering social and economic objectives. Social procurement strategies demonstrate how improving 'quality of life' outcomes can be embedded in the business of all public-sector entities.

In recognition of the purchasing power which local governments have, there are many opportunities for Darebin to leverage social benefit through the goods, services, or construction being procured.

This delivers maximum value for the community - helping to address structural and systemic inequality, while conducting our core business.

Types of organisations offering diversity include (but are not limited to) businesses that are:

- Gender diverse
- Aboriginal owned and/or operated or employing Aboriginal people
- Culturally and linguistically diverse
- Employing people with disabilities or owned and/or operated by those with disabilities.

### Sustainable procurement

Sustainable procurement involves decision-making that has the most positive environmental, social and economic impacts possible across the entire life cycle of goods and services. It looks beyond up-front costs to make purchasing decisions that consider associated environmental and social risks and benefits, and broader social and environmental implications.

"Sustainable Procurement is 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 to the organisation, but also to society and the economy, whilst minimising damage to the environment.” (United Nations Environment Programme n.d.)<sup>7</sup> To view the full definition <http://www.unep.fr/scp/procurement/whatisssp/>

### **Social enterprise**

“Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training or help the environment. They derive most of their income from trade (not donations or grants) and use the majority of their profits (at least 50%) to contribute to their social or environmental mission.” Source: Social Traders (<https://www.socialtraders.com.au>) and the Victorian Social Procurement Framework.

Income generating social enterprises often play a key role in supporting disadvantaged job seekers with pathways to employment into mainstream businesses.

### **Environmental/sustainability considerations**

Specific factors that will be considered in purchasing decisions can include using re-usable or recycled materials, choosing low energy or low water consumption options, or designing and constructing energy efficient buildings. Other factors such as reducing carbon emissions or total product life cycle including products that generate less waste or waste output that can be re-purposed or recycled will also be considered.

## **Appendix 3 Performance KPIs**

**This section lists performance indicators that have clear linkages to this Procurement Policy.**

### **Procurement Performance Indicators**

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

- Social Procurement Objectives;
- Sustainable Procurement Objectives;
- Annual spend on sustainable goods and services.
- The number of Local Businesses engaged and proportion of local spend New Collaborative Procurement contracts;
- New preferred supplier (panel) contracts;
- Value of savings and benefits achieved;
- Level of compliance with the Procurement Policy; and
- Extent of contracts delivered on time and on budget.

## **Appendix 4 Council Plans, Strategies and Policies**

**This section lists the Council plans, policies, strategies and other legislations that have clear linkages to this Procurement Policy.**

Council will adhere to all these provisions in all procurement matters consistent with the Victorian Local Government Best Practice Guidelines 2013 or replaced by newer Guidelines or regulations made by the Minister for Local Government.

Council's Procurement Guidelines detail the implementation of these legislative provisions and details the processes and procedures to be followed for the procurement of goods, services and construction works

Key legislative requirements for this Policy include:

- Part 5, Division 2, Section 108 of the Act;
- The relevant provisions of the Competition and Consumer Act 2010.

Key policies and other documents relating to this policy:

- Darebin City Council Employee Code of Conduct
- Councillor Code of Conduct
- Gifts and Hospitality Policy
- Climate Emergency Plan 2017 - 2022
- Single Use Plastic Free Events Policy
- Fraud Prevention and Control Policy
- Aboriginal and Torres Strait Islander Employment Strategy and Action Plan 2017 – 2027
- Environmentally Sustainable Design (ESD) Building Policy
- Health and Wellbeing Plan 2017-2021
- Access and Inclusion Plan 2015-2019
- Beyond Value for Money: Social Procurement for Victorian Local Government
- Victoria's social procurement framework
- Any other policies that interact with Council's procurement activities.

## REFERENCES

\*Victorian State government developed a *Social Procurement Framework* which enables buyers and suppliers to use the Government's buying power to deliver social, economic and environmental outcomes that benefit the Victorian community.

<https://buyingfor.vic.gov.au/social-procurement-framework>

\**GROW 21* is a whole of community approach taken in the Geelong region of Victoria to tackle entrenched regional social and economic disadvantage. It led to a compact that drew in State and local government, local industry and enterprise and community groups.

<https://grow.g21.com.au/>

\**Social Traders* is "Australia's leading organisation" connecting social enterprises with social procurement opportunities and supporting social enterprise to successfully deliver on the contracts they win.

<https://www.socialtraders.com.au/>

This policy document also references:

Beyond Value for Money Social Procurement for Victorian Local Government

[https://www.localgovernment.vic.gov.au/data/assets/pdf\\_file/0020/48512/Beyond-Value-for-Money-Social-Procurement-for-Victorian-Local-Government-2nd-edition-update-4-April-2019.pdf](https://www.localgovernment.vic.gov.au/data/assets/pdf_file/0020/48512/Beyond-Value-for-Money-Social-Procurement-for-Victorian-Local-Government-2nd-edition-update-4-April-2019.pdf)

Queensland Government procurement policy <https://www.forgov.qld.gov.au/procurement-policy> Australian Government Sustainable Procurement Guide

<http://www.environment.gov.au/protection/waste-resource-recovery/publications/sustainable-procurement-guide>

Victorian Aboriginal Economic Strategy

<https://www.vic.gov.au/aboriginalvictoria/policy/victorian-aboriginal-economic-development.html> And acknowledges the work of the MAV, ArcBlue and the GROW 21

Project

## Appendix 5 Council Specific Exemptions

**This section will include any additional specific policy exemptions not included in Section 2.3 applicable to Darebin City Council that are identified from time to time.**

Council has a process in place to exempt a procurement from the procurement policy requirements under specific circumstances.

Exemptions from the procurement policy requirements will be issued by exception on approval by the relevant General Manager. The financial approval will be governed in accordance with the limits determined and allocated to the General Manager in the *Instrument of Financial Delegation by the Chief Executive Officer for Goods, Services or Works* under the following circumstances:

- An item or service procured which is issued under copyright laws.
- Infrastructure works which can only be procured from the Utility owner will not require a public tender process. This relates to new or maintenance of assets owned by Electricity, Gas or Water Utilities.
- A service or upgrade to an asset owned by a utility provider responsible for the provision of or maintenance of that asset.
- Software specific to one provider only.
- Maintenance and support of proprietary assets, structures or services.
- Engagement of consultants where there is continuity of history and expertise. This exemption will require consideration of services and intellectual ownership and progression of services which can demonstrate efficiencies. A business case will be required to explain the requirement.
- Software licensing or maintenance costs specific to one provider only
- Payments to other Municipalities
- Payments made by the administrator of a Special Rates Scheme (i.e. Business Associations)
- Arts Programming, as determined by the relevant General Manager.
- Engagement of the Darebin Creek Management Committee (DCMC) to deliver services for which they were established^
- Engagement of the Merri Creek Management Committee (MCMC) to deliver services for which they were established^
- ^ Please note that this exemption applies to the requirement to tender, and that other aspects of this policy apply

Any exemption in excess of the relevant General Manager will be referred to the Chief Executive Officer (CEO). Where the value exceeds the financial threshold for the CEO, it must be referred to Council for approval.