

- Span the whole life cycle of an acquisition and take sustainability and environmental benefit 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.

Definitions:

Term	Definition
Act	<u>Local Government Act 2020</u>
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Procurement Australia (PA), Municipal Association of Victoria (MAV), Loddon Mallee Procurement Network of Councils or a local government entity, for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale.
Commercial in Confidence	Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g. prices, discounts, rebates, profits, methodologies, and process information, etc.
Conflict of Interest	A conflict of interest exists when private interests conflict with public duty. In a situation where private interests may benefit from or be adversely affected by public duty a conflict of interest probably exists and it should be declared.
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	The Macedon Ranges Shire Council organisation, including Councillors and Council Staff.
Councillors	Council's elected representatives (the Mayor and Councillors) or Administrator(s) appointed to act in this capacity.
Council Staff	Includes all Council officers, temporary employees, contractors, volunteers and consultants while engaged by Council.
IBAC	The Independent Broad-based Anti-corruption Commission
Indigenous Business	An Indigenous Business is a registered business on the Supply Nations Indigenous Business Direct that is at least 50% owned by an Aboriginal or Torres Strait Island person(s) (consistent with Supply Nation's definition). https://supplnation.org.au/benefits/indigenous-business/
Local Business	A commercial business with an operational premises that is physically located within the municipal borders.

	Loddon Mallee Procurement Network (LMPN)	<p>The 10 Councils comprising the LMPN, being the Buloke Shire Council, Campaspe Shire Council, Central Goldfields Shire Council, City of Greater Bendigo, Gannawarra Shire Council, Loddon Shire Council, Macedon Ranges Shire Council, Mildura Rural City Council, Mount Alexander Shire Council and Swan Hill Rural City Council.</p>
Preferred Supplier Panels	<p>Panels of suppliers or vendors who are able to supply goods, works or services. Panels are based on categories such as trade services and plant hire. Panels mean that Council staff are able to request a quotation (from suppliers on the panel) without publically inviting tenders (noting that the number of quotations requested still needs to be compliant with the policy). Preferred Supplier Panels are also known as Approved Supplier Lists or Approved Contractor Lists.</p>	
Principles	<p>Procurement principles are the fundamental propositions or forces that serve as the foundation for the policy and will govern procurement practices and decision making.</p>	
Probity	<p>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.</p>	
Procurement	<p>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.</p>	
Public Advertising	<p>Public Advertising is online/digital through Councils eTender Portal</p>	
Schedule of Rates Contract	<p>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.</p>	
Social Economic Benefit	<p>The positive impacts on people, places or communities generated through procurement practices in the MRSC and Loddon Mallee Region.</p>	
Suppliers	<p>Any organisation which supplies goods or services to Council including but not limited to, contractors, subcontractors, manufacturers, wholesalers, retailers and consultants.</p>	
Sustainability	<p>Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.</p>	
Tender Process	<p>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.</p>	

	Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract; • applicable goods and services tax (GST); • anticipated contingency allowances or variations, and • all other known, anticipated and reasonably foreseeable costs.
	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"> • non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, service and support, and • 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.
References:	Macedon Ranges Shire Council Suppliers Code of Conduct	
Related Policies:	See Appendix 4 of this Policy	
Related Legislation:	<u>Local Government Act 2020</u> Competition and Consumer Act 2010	

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This Policy applies to all 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 does not extend to the related accounts payable processes.

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

1. Application of GST

All monetary values stated in this policy **exclude 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, 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 person 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 person 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** if they have a conflict of interest in respect of the procurement. Council Staff participating in tender evaluation panels must complete a Conflict of Interest declaration. Council Staff must declare any 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

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 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,
- Encourage collaboration,

2.2.2 Methods

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

- Purchase order that represent best Value for Money under the quotation process from suppliers for goods or services under the thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council;
- Under contract following a quotation or tender process;
- Under a Preferred Supplier Panel as described in Appendix 8
- 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 exemptions from tendering;
- Purchasing Cards;
- 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

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 1.

2.3.1 Procurement Principles

Council will apply the following fundamental best practice principles to procurement, irrespective of the value and complexity of that procurement:

- Value for Money;
- Sustainability (social, economic and 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 \$200,000 and above (excl. GST) for goods, services or works.

For procurements valued under \$200,000 (excl. GST), the procurement methodology and thresholds detailed in Appendix 1 will apply.

2.3.2.1 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.

2.3.3 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 eTendering Portal.

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.

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, risk and conflict of interest);
- Tendered price;
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the goods and/or services and/or works; 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 \$10 million over the life of the contract or for a lesser value set by Council from time to time; or
- Where a proposed contract is considered by Council or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

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

2.3.3.4 Shortlisting and Negotiations

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

Shortlisted tenderers may be invited by the Council to submit a best and final offer in relation to all or certain aspects of their respective tenders.

Once one or more preferred tenderers are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements within the original scope and intent of the tender. Probity requirements apply to all negotiations.

2.3.4 Collaborative Procurement

In accordance with section 108 (3)(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 LMPN, Council will do so in accordance with the following:

- The LMPN 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 LMPN, 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 LMPN prior to commitment to collaboration, seeking delegation of contract approval to CEOs;
 - The LMPN 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 and evaluation criteria;
 - 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 agents such as MAV Procurement or Procurement Australasia Ltd 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.

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

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

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

2.4 Delegation of Authority

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 Financial

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 see Appendix "6" Financial Delegations.

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

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

- Standardisation of contracts including current and relevant clauses
- Requiring security deposits where appropriate
- Referring specifications to relevant industry experts
- Ensuring contractual agreements are in place before the commencement of works
- Use of and enforcement of delegated authorities
- Use of or reference to relevant Australian Standards (or equivalent)
- Effectively manage the contract through ongoing monitoring to ensure the required performance is being achieved

To protect the interests of Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to this requirement exposes Council to risk.

Contracts are to be proactively managed by Council staff responsible for the delivery of the project/contract. Each should be assessed equivalent to size, type, complexity, duration and value to determine the level of risk. This will then determine the level of management of the particular project / contract and forms an integral part of good contract management.

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.

2.10 Training

All staff with duties that involve the purchasing of good and services will undertake procurement training when they commence employment. In order to ensure existing staff are up-to-date with the latest requirements of this policy they should participate in refresher training every two years. Staff that breach the policy will be required to undertake refresher training immediately and may be subject to disciplinary action.

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. (refer Appendix 2 Local Business Preference)

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 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 LMPN. Where practicable and applicable Council will give preference to goods manufactured or produced in Australia and will actively seek quotations and tenders from Local Businesses in the Loddon Mallee Region.</p> <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"> • Ensuring accountability and transparency; • Ensuring Value for Money outcomes; • Ensuring open and effective competition, and development of competitive Local Business and industry; • Fostering innovation and emerging sectors; and • Considering life cycle costs. 	<p>Council's economic sustainability approach aims to:</p> <ul style="list-style-type: none"> • Achieve Value for Money on a whole of life (including disposal) basis, rather than just initial cost; • Consider broader life cycle impacts of products procured; • Ensure probity and accountability in the procurement process; • Commit to sourcing locally as detailed in Appendix 2; • Build relationships with Local Business and encourage procurement from them to help build their capacity; and • Increase local employment. <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.</p> <p>Council's sustainable procurement strategies (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • Considering a product's or asset's lifecycle; • Promoting circular economy participation; • Managing demand to reduce procurement requirements; • Encouraging innovation through specifications; and • Engaging suppliers who are also committed to reducing their environmental impact. 	<p>Council's environmental sustainability and approach aims to:</p> <ul style="list-style-type: none"> • Improve energy efficiency; • Reduce greenhouse gas emissions and contribution towards Council's carbon footprint; • Minimise waste production; • Improve water efficiency; • Reduce air, water and soil pollution; • Reduce biodiversity impacts; and • Increase the use of recycled materials to: • Reduce demand for raw materials and non-renewable resources; and • Close the loop on kerbside recycling. <p><i>Appendix 2 details the policy by which Council will achieve the above objectives.</i></p>

Area	Principles	Objectives
<p>Social</p>	<p>Council is committed to building stronger communities and meeting social objectives which benefit the municipality and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes.</p> <p>Council's sustainable procurement (as detailed in Appendix 2) will be underpinned by the following principles:</p> <ul style="list-style-type: none"> • A thorough understanding of the socio-economic issues affecting the community; • Creation of training and employment opportunities for unemployed or disadvantaged residents and ratepayers in Council's municipality, and marginalised job seekers in Council's municipality, to address local socio-economic issues; • Promotion of equity, diversity and equal opportunity; and • Respect for human rights, the rule of law and international norms of behaviour. 	<p>Council's social sustainability approach aims to:</p> <ul style="list-style-type: none"> • Ensure vendors do not exploit workers and provide fair wages, including inclusive business practices; • Maintain a social procurement program to increase social procurement spend across the LMPN; • Ensure sourced products are accessible by all segments of the community; • Increase employment opportunities for indigenous people, people with a disability, disadvantaged people and long term unemployed; • Improve gender equity; and • Prevent, detect and remove modern slavery from Council's supply chain. <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.

APPENDICES

All policy requirements contained within these Appendices Sections are only applicable to Macedon Ranges Shire Council.

- Appendix 1 Procurement Methodology Thresholds
- Appendix 2 Sustainable Procurement
- Appendix 3 Performance KPI's
- Appendix 4 Council Plans, Strategies and Policies
- Appendix 5 Exemptions from the Policy
- Appendix 6 Financial Delegations
- Appendix 7 Evaluation Criteria
- Appendix 8 Preferred Supply Panels

Appendix 1 Procurement Methodology Thresholds

(Refer Clause 2.3) Council will invite tenders, proposals, quotes and expressions of interest from the supply market for goods, services and works in accordance with these thresholds:

Note - Expenditure Exclusive of GST	<\$1K	\$1K to <\$5K	\$5K to <\$25K	\$25K to <\$80K	\$80K to <\$200K	\$200K +
Verbal Quote	1	1	N/A	N/A	N/A	N/A
Collaborative Arrangement	Yes	Yes	Yes	Yes	Yes	Yes/Public Tender
Written Quotes	N/A	N/A	1	2	3	N/A
Contract Number	N/A	N/A	N/A	N/A	YES	YES
Public Tender	N/A	N/A	N/A	N/A	Potential	YES
Approved Method	PO Corp. Card	PO	PO	PO	PO/ Contract	Contract
Local Supplier Quote	1*	1*	1*	1*	1*	N/A
Supporting Documents	Invoice	Invoice	Quotes	Quotes	CMS	CMS
Written Specification	N/A	N/A	N/A	Potential	YES	YES
Evaluation Criteria	N/A	N/A	N/A	Potential	YES	YES

N/A

*

CMS

PO

Potential

Quotation

Summary Form

Not Applicable

If available locally

Contract Management System (nimblex)

Purchase Order

Depending on the risk of the procurement it maybe more beneficial to tender. Refer to the Public Tender Process.

RM8 document link [Template Quotation Summary Form Exemption](#)

Appendix 2 Sustainable Procurement

Environmental Benefit

Council Staff will endeavour to procure goods, services and works, which minimise environmental impact over their life cycle. All green spend is categorised according to the following options:

- Reduce waste to landfill by purchasing goods which include recycled content and/or are recyclable.
- Avoid or minimise the use of non-recyclable plastics, hazardous materials and chemicals.
- Reduce greenhouse gas emissions by purchasing goods which have been manufactured using low emissions technology or renewable energy.
- Reduce water consumption and waterway contamination by procuring construction and maintenance works from contractors who manage water responsibly.
- Procure goods, services and works from suppliers who actively employ sustainable practices in their operations.
- Avoid adverse impact on biodiversity values

Council's tendering process provides further guidance on the requirements regarding the assessment of environmental impact. A mandatory minimum weighting of 5% will be applied to the environmental benefit criteria for all public tenders.

Further details on Council's environmental principles can be found in the Macedon Ranges Shire Council Environment Strategy.

Socially Responsible Procurement

The principle of socially responsible procurement means that Council Staff will endeavour to procure goods, services and works, which support (a) the Goals and Objectives in the Council Plan, (b) ethical and fair trade (c) local employment and (d) social enterprises.

Wherever possible staff will engaging social enterprises and Aboriginal and Torres Strait Islander suppliers for procurement activities where appropriate, and in line with any Reconciliation Action Plan adopted by Council.

Council's tendering process provides further guidance on the requirements regarding the assessment of social benefit. A mandatory minimum weighting of 5% will be applied to the social benefit criteria for all public tenders.

Local Business Preference

Council is prepared to consider paying more for goods, services and works from a local business rather than a non-local business provided that –

- the price is no more than 10% higher than the preferred supplier's price; and
- the price difference does not exceed \$10,000; and
- the evaluation reveals that the local business's goods, services or works are of equal or better quality than the preferred suppliers quote/tender from a non-local business.

Appendix 3 Performance KPIs

To help maximise the achievement of best value the Macedon Ranges Shire Council has set the following performance indicators and targets. We will seek to improve procurement performance by capturing and analysing data on these key performance indicators.

Key Performance Indicator	Target
New Collaborative Procurement contracts	At least 1 annually
New preferred supplier (panel) contracts	At least 1 annually
The number of Local Businesses engaged to the proportion of local spend;	1% increase annually
Level of compliance for all purchases greater than \$5K, all quotes obtained are to be attached to the Purchase Order raised.	100%
Level of compliance Purchase Orders to be raised prior to supplier's invoice date .	90%
Level of compliance Suppliers invoice to contain our Purchase Order number on their tax invoice.	90%

A memorandum detailing actual performance against these indicators will be presented to ELT quarterly.

Other Internal Controls

All Staff members involved in procurement activities shall ensure that clearly documented purchase orders and appropriate authorisations are obtained as follows:

- Documentation in relation to quotes sought, received and accepted shall be recorded by the Staff member making the purchase. All quotes obtained shall be kept as an electronic attachment to the purchase order in Council's supply chain system (currently "TechnologyOne CiA"). Any other related information should be retained consistent with Council's record keeping requirements.
- For audit purposes reasons for quotation exemption on purchase orders requiring quotes as per the Procurement Process Manual must be attached to the purchase order in Technology One CiA.
- Tenders shall be kept on the contract file in the records management system (currently "RM8").
- When there is a variation to a purchase order the total expenditure to be committed on that order must be considered when determining who will approve the variation in terms of the required delegation, i.e. the delegation is based on the total expenditure not the variation on its own. For example if an initial purchase order was approved for \$45,000 and a variation of \$10,000 was required, then the delegation for the approval is based on \$55,000.
- Any variation should be completed on the original purchase order.
- Cumulative expenditure with any one supplier will be checked over a 12 month period against the public tendering threshold.

Appendix 4 Council Plans, Strategies and Policies

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

- Environment Strategy
- Macedon Ranges Shire Council Staff Code of Conduct
- Public Tendering Process
- Staff Expenditure Reimbursements Policy and Procedure
- Procurement Process Manual (to be developed)
- Councillor Code of Conduct
- Complaints Handling Policy
- Disciplinary Policy and Procedures
- Privacy Policy
- Child Safety and Wellbeing Policy
- Child Safety and Wellbeing Code of Conduct

Appendix 5 Exemptions from the Policy

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

The CEO may approve ad-hoc exemptions in exceptional circumstances where it can be demonstrated that it is in the best interests of the community to do so.

The public tender threshold and related exemptions also apply to collaborative procurements.

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made with the approval of the CEO because of genuine emergency or hardship	<ul style="list-style-type: none"> Where 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, etc.)
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	<ul style="list-style-type: none"> This general exemption allows engagements: <ul style="list-style-type: none"> With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA). or LMPN
3. Extension of contracts while Council is at market to replace that contract.	<ul style="list-style-type: none"> Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected. This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.
4. Professional services unsuitable for tendering	<ul style="list-style-type: none"> Legal Services. Insurance.
5. Novated Contracts	<ul style="list-style-type: none"> Where the initial contract was entered into in compliance with <i>the Act</i> and due diligence has been undertaken in respect to the new party.
6. Information technology resellers and software developers	<ul style="list-style-type: none"> Allows Council to renew software licenses 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.
7. Regional Waste and Resource Recovery Groups	<ul style="list-style-type: none"> Situations where a Regional Waste and Resource Recovery Group constituted under the <i>Environment Protection Act 1970</i> had already conducted a public tender for and on behalf of its member councils.
8. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> Motor vehicle compulsory third party WorkCover

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

Exemption Name	Explanation, limitations, responsibilities and approvals
16. Directors Discretion	<p>In the event of –</p> <ul style="list-style-type: none"> • an unforeseen urgency; or • a strong preference for continuity of supply; or • goods, services or works being of such a specialised nature that there are insufficient known Suppliers from which to seek the required number of quotes <p>the relevant Director or CEO may, upon receiving a satisfactory written explanation from the relevant Manager, approve an exemption to this policy.</p> <p>It is important to note that Directors' Discretion does not apply to expenditure (cumulative or otherwise) above the public tendering thresholds.</p> <p>In the event of any irregularities in regard to the application of the Directors' discretion, the Director Corporate and Community and the relevant Director will intervene to take any corrective action required.</p>
17. Training Courses	<ul style="list-style-type: none"> • Individual training only. Group in-house training sessions are still bound to obtain quotes.
18. Other Councils	<p>Contributions to cross municipality infrastructure projects that are led by neighbouring Councils, e.g. a road upgrade that is part in the Macedon Ranges Shire and part in a neighbouring Shire.</p>

Appendix 6 – Financial Delegations

Financial Delegations permit the Council Staff specified below to accept a quote or tender, award a contract, approve a purchase order and authorise a payment without prior referral to Council – subject to the conditions below.

Delegated Level (excluding GST)	Group	Delegate	Conditions
Up to \$1,000,000	Group A	CEO	<p>1. In the case of a project, the expenditure shall be in accordance with approved budget allocation for the project and if the expenditure exceeds the project budget by 5% or more, then a written request shall be prepared for, and written approval shall be obtained from, the relevant Manager, Director or CEO (as appropriate).</p> <p>2. If any purchase will exceed the level of delegation granted to the CEO then a report and recommendation shall be prepared by the relevant Manager or Director for Council's consideration.</p> <p>3. Expenditure shall be in accordance with the restrictions imposed by Council's Procurement Policy.</p> <p>4. If the expenditure needs to be publicly tendered the tendering process shall be undertaken in accordance with Council's Public Tendering Process.</p> <p>5. IT hardware and software purchases shall be discussed with and shall receive prior approval from the Manager Information and Communications before a purchase order is raised.</p>
Up to \$300,000	Group B	Director and the Executive Manager	
Up to \$75,000	Group C	Manager	
Up to \$25,000	Group D	Team Leaders, Supervisors and Coordinators that report directly to a Manager or Director.	
Up to \$10,000	Group E	Building Projects Officer. Executive Assistants. Hanging Rock Senior Ranger. Coordinator Aquatics and Fitness Workshop Mechanic. Store Person. Strategic Planners. Team Leaders, Health Broker Supervisors and Coordinators, who do NOT report directly to a Manager or Director.	

Procurement in excess of \$1M shall be approved by Council. The CEO and Director Corporate or similar position title shall have (TechnologyOne) system delegation up to \$20M to authorise purchase orders and payments, which are over \$1M, which have either been approved by Council or are payments required to be made to meet legislative obligations.

Appendix 7 Evaluation Criteria

Council has adopted the following mandatory tender evaluation criteria–

- Price
- Relevant Experience
- Methodology
- Compliance to the Specification
- Environmental Benefit 5% mandatory minimum weighting.
- Social Procurement 5% mandatory minimum weighting.

Pass / Fail Criteria

- Workplace Health and Safety
- Risk and Insurance
- Conflict of Interest

The application of weighting for all mandatory criteria will be at the discretion of the tender evaluation panel with the exception of environmental benefit criteria.

In addition to the mandatory evaluation criteria Council Staff may include additional evaluation criteria that are appropriate and reflect the requirements of the particular contract. The discretionary criteria include:

Discretionary Criteria	Description
Australia and New Zealand Content	Product or service with 100% content from Australia or New Zealand
Current Resources and Capacity	Current work force and equipment.
Past performance	Have they successfully completed similar work in the past?
Technical Skills	What are the qualifications of those employed to carry out the work?
Management Skills and Systems	Effective management systems that can be utilised.
Customer Service	Demonstration and awareness of strong customer focus
Industrial Relations	Compliance with current regulations and legislation.
Quality systems	Systems to maintain a quality standard throughout the performance of the contract.
Local Employment	A business address in the Shire and/or businesses who employ local residents.
Compliance to Conditions of Contract	Requests to change contract clauses should be reviewed by legal experts.

More information on the Mandatory and Discretionary criteria and how to evaluate is available on Councils intranet.

The way in which the collected vendor information is used to make the evaluation decision will be at the discretion of the evaluation panel, and the determined evaluation matrix.

Appendix 8 Preferred Supply Panels

Council recognises the importance of effective and open working relationships with its suppliers and is committed to maintaining Preferred Supplier Panels, which provide Council with efficiency, transparency, compliance and potential savings in quote-based procurement from preferred suppliers.

Contactors are appointed to a "Preferred Supplier Panel" after successfully participating in a tender process and being assessed as compliant with requirements. Whilst a panel provides benefits in the procurement process, staff should still consider the specific works and goods or services being sought and confirm the approach is going to get the best value outcome.

Prior to the conclusion of the tender evaluation process to appoint a supply panel, an assessment will be made to determine the level of local business representation on the supplier panel. Where the local business representation is less than 25%, consideration will be given to adding local businesses to the final approved supply panel on the following grounds:

- Additional suitably qualified local business exist and were eligible to be considered as part of the tender evaluation process to select the supplier panel.
- Their tender submissions to be on the supplier panel were compliant and met Councils Pass/Fail criteria.
- The order of adding any additional local suppliers to the panel to achieve the minimum 25% representation of local suppliers is done on the basis of the relative scoring that occurred in the evaluation process to appoint the supplier panel.
- Additional local suppliers will not be added to the supplier panel to achieve a minimum 25% representation where the local supplier has a documented record of non-satisfactory performance.

Council staff may obtain quotes by contacting preferred suppliers and inviting them to provide a quote to supply goods, services or works, within the requirements of Appendix 1 of this policy which outlines requirements regarding the number of and formats of quotations. Whichever supplier provides the best value for money quote shall be accepted.

Preferred Supplier Panels should not be supplemented with additional non-panel providers when a public tender process is triggered, as such an approach will constitute a selective tender and be non-complaint. If additional suppliers outside of a Panel are required, the process should immediately become a public tender for expenditure above the threshold.

Notably, once a preferred supplier panel is appointed, not all preferred suppliers on the panel need to be sought for quotations. At a minimum, the number required quotations consistent with Appendix 1 of this policy, should be sought. In seeking quotes from a preferred supplier panel, officers should seek quotations from all suppliers on the panel throughout the life of the arrangement, noting that being on the panel does not create any obligation from Council that the supplier will be selected.

Currently, Council uses a secure internet based system known as "VendorPanel". For access to VendorPanel please contact the Co-ordinator Contracts. For the purpose of engaging a supplier on a Supply Panel, it is mandatory for staff to use VendorPanel for all procurement over \$5,000.

When engaging a supplier with a schedule of rates the above process does not apply. However, staff must ensure that Council is getting value for money and that the suppliers are all given the opportunity to provide services.

Council will make available its supply panels to other Councils in the LMRPN.