

SCS-019 Procurement Policy

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Responsible Officer: Manager Governance and Risk

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1. DEFINITIONS

Term	Description
Act, the	Local Government Act 2020 .
Best and Final Offer (BAFO)	The process whereby shortlisted respondents may be invited to submit a best and final offer (BAFO) in relation to all or certain aspects of their proposal.
Collaborative Procurement	A contract established by a council, government or a nominated agent, aggregator or other approved entity, for the benefit of multiple state, federal and/or local government entities and that achieves value for money by leveraging combined economies of scale.
Collaborative Procurement Register	A register of collaborative procurement opportunities, either amongst Councils or with other organisations.
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, process information, etc.).
Contract	A legally binding agreement (including deeds and purchase orders) between parties. For the purpose of this policy, the definition of <i>Contract</i> is limited to agreements with Suppliers for the purchase of goods, services or works on behalf of Council.
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	Surf Coast Shire Council, including Councillors and Council Staff.
Councillors	Council's elected representatives (the Mayor and Councillors)
Council Staff	Includes all Council officers, temporary employees, contractors, volunteers and consultants while engaged by Council.
Emergency	A sudden or unexpected occurrence which constitutes a risk to life or property requiring immediate action, and which may require the immediate procurement of goods/services/works to provide relief, business continuity or public safety.
Evaluation Criteria	The criteria that are used to evaluate the compliance and/or relative ranking of proposals. Evaluation criteria must be clearly stated in the request for tender documentation.
Expression of Interest (EOI)	An invitation for persons to submit an EOI for the provision of the goods, services and works which generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract.
G21 Region	Includes the municipalities of City of Greater Geelong, Colac Otway Shire, Surf Coast Shire, Borough of Queenscliffe and the Golden Plains Shire.
Goods	Movable personal property, especially merchandise used in trade or commerce and requiring carriage from one place to another.
Indigenous Business	A business that is owned and operated by an Aboriginal or Torres Strait Islander person(s).
Local Supplier	A business that is physically located within the municipality of the Surf Coast Shire.
Panel 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.
Probity	Within government, the term <i>probity</i> 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.
Probity Advisor	Provides advice during the undertaking of a procurement process on probity issues which may arise, together with advice on strategies to overcome potential problems.
Probity Auditor	Provides independent scrutiny after completion of a procurement process and expresses an objective opinion to whether the probity principles and standards were

Term	Description
	adhered too.
Procurement	Procurement is the whole process of acquisition of external goods, services and works for and on behalf of Council. 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.
Request for Quotation (RFQ)	The process of inviting parties to submit a quotation followed by evaluation of submissions and selection of a successful bidder.
Supplier	An external person or organisation from which goods, services and works are purchased for, on behalf of Council, and in accordance with contractual obligations.
Sustainability	A strategic approach to meeting social and environmental objectives by using procurement processes and purchasing power to generate positive social and environmental outcomes in addition to the delivery of efficient goods, services and works.
Public Tender Process	The process of inviting parties 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.
Value for Money	The achievement of a desired procurement outcome at the best possible price, not necessarily the lowest price, based on a balanced judgement of financial and non-financial factors relevant to the procurement.

2. PURPOSE

This Procurement Policy (Policy) is made under Section 108 of the *Local Government Act 2020* (Act).

The Act requires each council to:

- Prepare and adopt a procurement policy which specifies the principles, processes and procedures to be applied in respect of the purchase of goods and services and carrying out of works by Council; and
- Review its procurement policy at least once during each 4-year term of Council.

3. POLICY PRINCIPLES

This policy provides direction to the Surf Coast Shire Council, in conducting procurement functions in accordance with legislative requirements, and achieving the following key principles:

- ethical behaviour in public sector procurement
- consistency and control over procurement activities
- transparency and accountability to rate payers; and
- risk minimisation.

4. SCOPE

The Policy applies to all contracting and procurement activities conducted within Council and is applicable to Councillors and Council Staff.

5. TREATMENT OF GST

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

6. BACKGROUND

This Policy is consistent with the requirements of s108(2) of the Act and will:

- Promote open and fair competition and deliver value for money.
- Provide consistency and control over council's procurement activities.
- Demonstrate accountability to ratepayers and residents.

- Provide guidance on ethical behaviour within Council's procurement processes.
- Incorporate best practice in all procurement activities.
- Focus sustainability in procurement with respect to social, economic and environmental factors; and
- Promote collaborative procurement.

In accordance with the above objectives, Council's contracting and purchasing activities will:

- Support Council's corporate strategies, aims and objectives, including but not limited to those related to sustainability, protection of the environment and social objectives.
- Take a long term strategic view of procurement needs while continually assessing, reviewing and auditing procedures, strategy and objectives.
- Span the whole life cycle from initial concept through to disposal of an asset or the completion of a service contract.
- Demonstrate that public money has been well spent.
- Be conducted in an impartial, fair and ethical manner.
- Seek continual improvement including harnessing innovative and technological initiatives such as electronic tendering processes to reduce activity cost.
- Ensure that risk is identified, assessed and managed at all stages of the procurement process.
- Comply with legislation, Council policies and other best practice requirements.
- Use strategic procurement practices and innovative procurement solutions, in particular, making use of collaboration and partnership opportunities; and
- Generate and support businesses in the local community.

7. BEST PRACTICE PROCUREMENT

7.1. Best practice principles

Council purchases goods, services and works to support service delivery and the maintenance and development of infrastructure. Council's procurement processes will be based on the following principles:

- value for money
- open and fair competition
- accountability
- probity and transparency
- risk management; and
- sustainability (positive local, social, economic and environmental outcomes).

7.2. Applying best practice

Value for Money

- Council's procurement activities will be carried out on the basis of obtaining value for money consistent with acceptable quality, reliability and delivery considerations.
- Lowest price is not the sole determinant of value. Both cost and non-cost factors are considered, including:
 - o Contribution to the advancement of Council's priorities and objectives.
 - o Fitness for purpose, quality, social and environmental impacts, service and support; and
 - o 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.
- Value for money is best achieved by:
 - o Developing, implementing and managing procurement strategies that support the coordination and streamlining of activities throughout the procurement lifecycle.
 - o Aggregating purchasing whenever possible; and
 - o Undertaking competitive procurement processes.

Open and fair competition, accountability, probity and transparency

- In all commercial dealings, Council will apply the highest standards of integrity and honesty, and conduct business in a fair, honest and open manner consistent with the public interest to build confidence in the outcome.
- Councils' must adequately test the market in a consistent manner without any bias or perception of bias.
- All prospective suppliers must be treated (and be seen to be treated) fairly and provided with the same access to information.
- All people undertaking procurement activities on Council's behalf are responsible for the actions and decisions they take in relation to procurement and for the resulting outcomes.
- Where a third-party agent is engaged to procure works, goods or services on behalf of Council, they must ensure they are compliant with this Policy and relevant legislation including the Act.

Risk management

The provision of goods, services and works by a supplier potentially exposes Council to risk.

- Council shall have in place consistent procedures for managing risks associated with procurement activities.
- Appropriate risk management principles must be considered and applied at all stages of procurement to ensure continuity of supply of goods and services to Council.
- Procurement activities will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from risks of personal injury, property damage, reputation, financial exposure and interruption to the supply of goods, services and works.
- Council will minimise its risk of exposure through measures that:
 - o Allow sufficient planning and lead-time for procurement preparation and consideration.
 - o Integrate risk identification at the earliest planning stage to inform the procurement process.
 - o Use Council standard-form or Australian Standard contracts which include current, relevant clauses to mitigate risk to Council.
 - o Obtain contract security e.g. bank guarantees where appropriate.
 - o Seek input from relevant experts in the drafting of tender specification documentation.
 - o Address contract departures and non-standard contracts prior to the award of the contract with evidence of review and recommendation.
 - o Ensure agreements are executed by the delegated officer prior to commencement; and
 - o Ongoing and timely contract management including monitoring and enforcing performance.

Sustainability (local, social, economic and environmental)

- Council will seek to improve local, social, economic and environmental sustainability outcomes through sustainable procurement. Council will strive to:
 - o Avoid unnecessary consumption.
 - o Minimise environmental impacts over the life of the goods and services, including their production, use and disposal.
 - o Prioritise goods that include recycled content and/or can be recycled.
 - o Prioritise energy efficient and low emissions products and/or services.
 - o Purchase goods, services and works that benefit local businesses or social enterprises.
 - o Foster innovation through its procurement of sustainable products and services.
 - o Ensure that fair and ethical sourcing practices are applied and that suppliers comply with socially responsible and ethical practices, including legislative obligations to employees.

8. POLICY COMPLIANCE AND CONTROL

8.1. Ethics and probity

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

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

8.2. Conduct of Councillors and Council Staff

Councillors and Council Staff shall conduct themselves in ways that are in accordance with the Councillor Code of Conduct or the Staff Code of Conduct policies respectively, performing 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 Policy and associated guidelines are adhered to in relation to any expenditure of Council funds.

8.3. 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. 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.

Endorsement

Council Staff must not publicly endorse any products or services without the permission of the relevant General Manager or the Chief Executive Officer (CEO).

8.4. Fair and honest dealing

All prospective 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.

8.5. 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.

8.6. 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 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.

8.7. Disclosure of information

Commercial in Confidence information received by Council must not be disclosed and is to be stored in a secure location.

Councillors and Council Staff must take all reasonable measures to maintain confidentiality of:

- Information disclosed by organisations in tenders, request for quotations or during tender negotiations; and
- Commercial in Confidence information.

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

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

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

8.8. Complaints and 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 the *Independent Broad-based Anti-corruption Commission* (IBAC) of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred in accordance with IBACs mandatory reporting requirements.

9. MARKET ENGAGEMENT METHODS

9.1. Procurement options

The Policy applies to all procurement regardless of process. Procurement options include:

- under contract following a request for quotation or tender process
- purchase order following a request for quotation process
- approved purchasing schemes or panel contracts such as MAV Panel Contracts
- multi-stage tenders commencing with an EOI followed by a tender process
- under a sole-sourcing arrangement in accordance with this Policy
- purchasing cards; and
- petty cash.

9.2. Public tender requirements

A public tender process provides an open invitation to all potential participants to submit a proposal.

Public tenders must be advertised via Council's eTendering portal.

Council staff may provide further notice of public tender opportunities by advertising in newspapers, industry network forums (e.g. ICN – Industry Capability Network, G21-Business connect) and through other digital media.

When undertaking a public tender, Council staff must use Council's eTendering portal to conduct the tender process and for the receipt of tender submissions.

9.3. Select tender requirements

A select tender is a competitive tender process that is open to invited suppliers only.

When undertaking a select tender process, Council staff must:

- Conduct the tender process using Council's eTendering portal.
- Invite a minimum of five suppliers to tender, including:
 - o At least one local supplier or a supplier located within the G21 region, and
 - o At least one supplier that has not been awarded a tendered contract by Council within the last 12 months.

Where the goods, services or works to be procured are of a specialist nature, and there are insufficient suppliers or genuine suppliers available in the general market or local region to invite to tender:

- a public tender process is to be undertaken.

9.4. Late tenders

A late tender is a submission that has not been received in the electronic Tender Box prior to the published tender closing date.

Council staff shall not accept a late tender.

9.5. Procurement thresholds

Section 108 of the Act details that each Council will establish the public tender threshold above which tenders or expressions of interest must be publicly invited.

The table below identifies the market engagement methods to be employed taking into consideration the procurement thresholds.

Total spend value (GST Exclusive)	Market Engagement Method (minimum requirement)	Agreement Type
< \$1,000	Single Quotation: Obtain one verbal quote	Purchase Order
\$1,000 - < \$20,000	Single Quotation: Obtain one written quote	Purchase Order(
\$20,000 - < \$150,000	Request For Quotation: Seek a minimum of three written quotations	RFQ Purchase Order Agreement
\$150,000 - < \$350,000*	Select Tender:* Invite a minimum of five Suppliers to tender. <i>(*Subject to satisfying requirements of clause 9.3, otherwise Public Tender will be required)</i>	Contract - Formal Instrument of Agreement
\$350,000 or greater	Public Tender : Invitation to tender is via public notice	Contract - Formal Instrument of Agreement

The above are minimum requirements only.

If a better value for money outcome may be achieved Council Officers are to:

- Seek further quotations in excess of the minimum specified
- Conduct a Tender process in lieu of a Request for Quotation.

9.6. Contract value

The value of all contracts for the purposes of compliance with the above procurement thresholds includes:

- Costs for the full term of the contract, including any options for either party to extend the contract.
- Anticipated contingency allowances or variations.
- In kind contributions (if any); and
- All other known, anticipated and reasonably foreseeable costs.

Cumulative expenditure with a single supplier is to be considered in determining the appropriate method of procurement, and will be based on a rolling two-year average spend, taking into account the lifetime spend of the goods, services or works purchased.

Procurements may not be split to avoid procurement thresholds.

9.7. 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.

Council must approve the decision to award a contract where the contract value exceeds the Chief Executive Officer's delegation.

The Instrument of Delegation allows specified Council staff to undertake certain purchases, quotation, tender and contractual processes without prior referral to Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

9.8. Exemptions from procurement thresholds

The decision to award a Contract and the authority to enter into a contract on behalf of Council, will at all times be governed by Council's Instrument of Delegation, however exemptions to the procurement thresholds are permitted where the purchase is identified as:

- **Accepted general exemptions:**
The expenditure is of a type listed in *Appendix 1 – Accepted general exemptions*, and no further approval process is required in relation to exemption from market engagement methods; or
- **Exemptions requiring approval:**
Where the circumstances and nature of a specific purchase requires an alternate market engagement method to deliver a value for money outcome, a formal exemption process is required as detailed below.

Council staff may seek an approval for an exemption to the procurement thresholds when the procurement is undertaken in the follow circumstances:

- In matters of emergency including public health, security or safety as a result of an unforeseen event or occurrence.
- Installations where a change in supplier would necessitate the procurement of goods and services that do not meet the requirements for interoperability or interchangeability.
- An absence of competition; There is one or a limited number of available tenderers in the market or suppliers able to submit quotations.
- The goods, services or works are required as part of a grant, funding agreement, lease or similar arrangement specifically stating how the deliverables are to be provided or undertaken.
- Where the acquisition is of a cultural or artistic nature (i.e. a live show or art piece).
- The marketplace is restricted by statement of license or third-party ownership of an asset.
- Council is party to a joint arrangement where Council jointly owns the Intellectual Property with a third party provider.
- 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; or
- It is not in the interest of the public to apply the procurement thresholds.

Exemption approval process:

Council staff must obtain prior written approval as set out below:

Procurement Value (ex- GST)	Policy Exemption
\$20k - < \$150K	Written approval must be obtained from the relevant General Manager
\$150k - < \$350K*	Written approval must be obtained from the CEO (* <i>Emergency requiring immediate attention</i>)
\$350K or greater	Approval must be obtained by way of resolution at Council Meeting.

***Emergency requiring immediate action**

Where an emergency requires immediate action to protect lives or property, the CEO is authorised to provide exemption to procurement thresholds for contracts valued \$350,000 or greater. Once the immediacy of the incident has passed, the CEO shall report to Council the details of contracts entered into.

Notwithstanding approval of an exemption to the procurement thresholds, Council staff are to adhere to the Best Practice Principles (including value for money) of the Policy as part of any contractual arrangement.

9.9. Risk management

Risk assessments are a vital part of the procurement planning process.

Risks will be identified for each part of the sourcing, transition, delivery and finalisation stages of procurement and appropriate risk avoidance and mitigation strategies will be employed.

9.10. Probity Advisor and Probity Auditor

Council will consider the appointment of an external Probity Advisor to oversee the conduct of the procurement where:

- The expected purchase value of the procurement is above \$5,000,000, or
- 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.

Where it is reasonably estimated that the contract value will exceed \$5,000,000, written approval from a General Manager will be required prior to undertaking a procurement process without the appointment of an external Probity Advisor.

A Probity Auditor may be engaged by Council to investigate compliance to the procurement process, including any probity concerns, conflicts of interest and breaches of confidentiality, and report on the auditor's findings.

Where a Probity Auditor is to be engaged, the Audit and Risk Committee will be informed at the next available meeting. On completion of the audit, the Probity Auditor's report will be provided to the CEO and the Audit and Risk Committee.

The role of Probity Advisor and Probity Auditor are mutually exclusive and cannot be undertaken by the same person.

10. EVALUATION AND NEGOTIATION PROCESS

The tender selection criteria and weighting for each criterion, will be agreed to and documented by the tender evaluation panel prior to the requesting of tenders and quotes.

10.1. Evaluation criteria

- Evaluation criteria include both price (whole of life) and non-price factors (risk, quality and contribution to council's sustainability objectives).
- Unless approved by the Procurement Unit, price (cost) will be a weighted criteria.
- Evaluation criteria (and weightings) must be included in the tender / procurement document.
- Council may include the following evaluation criteria categories to determine whether a proposed contract provides value for money:
 - o mandatory compliance criteria (e.g. OH&S, applicable registrations or licences, etc.)
 - o tendered price
 - o capacity to provide the goods and/or services and/or works
 - o capability of the tenderer
 - o methodology
 - o demonstration of sustainability (local, social, economic and environmental).

10.2. Evaluation Panel

An appropriately qualified Evaluation Panel will be established to evaluate each tender or quotation submission, against the published selection criteria and in accordance with the conditions of tender.

For procurements with a value of \$500,000 or greater, a tender evaluation panel comprising a minimum of three voting members must be established.

For all other EOI, RFQ or tender processes a minimum of two voting tender evaluation panel members will be required.

10.3. Shortlisting and negotiations

Council may conduct a shortlisting process for EOI, tender or RFQ procurements. Shortlisting can be based on any the published selection criteria, but only in pursuit of the most advantageous outcome for Council.

Negotiations (including a BAFO process) are only permitted:

- Where the EOI, tender or RFQ documents include provision for negotiation provisions;
- Will achieve a value for money outcome for Council; and
- Where negotiations remain within the intent and scope of the EOI, tender or RFQ.

Probity requirements apply to all negotiations.

11. CONTRACT MANAGEMENT

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

- Establishing a system for 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 Contracts Management Guide, Risk Management Framework and relevant Workplace Health and Safety requirements.

11.1. 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 Policy); and
- The subject matter of the proposed variation, and whether it is consistent with the scope of the original contract.

Contract variations must be approved in accordance with Council's delegations. Variations should not exceed the available budget.

12. COLLABORATIVE PROCUREMENT

In accordance with section 108(c) of the Act, Council will first give consideration to collaboration with other councils and public bodies or utilise existing collaborative procurement arrangements when procuring goods, services and works in order to take advantage of economies of scale.

Council will actively pursue opportunities to collaborate and work across municipal boundaries to improve procurement outcomes, maximise savings and benefits, share better practices and achieve enhanced value for money outcomes or other community benefits.

12.1. Identifying collaborative procurement opportunities

To aid in the identification of collaborative procurement opportunities, the procurement unit will maintain a *Collaborative Procurement Register* that will identify:

- Council contracts with a minimum value of \$500,000 (per annum for the ongoing supply of goods or provision of services or works).
- Other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration for consideration as a possible joint procurement opportunity; and
- Projects that are bespoke or unique to Council (e.g. unique construction or works projects), which will be excluded from collaboration.

The overarching strategic aim of collaboration is for communities to benefit from the productive use of Council resources. Where benefit to the community, either directly or indirectly is unlikely to be achieved, a collaborative approach should not proceed.

12.2. Participating in a collaborative procurement

Modification of Council's standard Procurement Policy requirements may be necessary to achieve the optimum benefits available from collaborative procurement opportunities.

Various models of collaborative procurement exist, each present varying challenges, governance and probity complexities, which without appropriate planning may otherwise limit Council's ability to participate in cooperative purchasing arrangements.

Accepted departures to standard policy and process requirements are as detailed in *Appendix 2 - Collaborative Procurement Parameters*.

The standards set out in the *Best Practice Principles* of this Policy will continue to apply for all collaborative procurement.

12.3. Reporting requirements

When a report for a procurement is presented to Council for approval, it will include information relating to any collaborative arrangement opportunities that were explored as part of the procurement process including:

- The nature of those opportunities, if any, and 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.

13. SUSTAINABLE PROCUREMENT

Council is committed to reducing its environmental impacts and operating in a socially, financially and environmentally responsible manner.

Council staff will be supported to use Council's procurement processes to deliver sustainable procurement outcomes where such purchases may be justified on value for money grounds.

As part of a tender or request for quotation process, an evaluation panel may assign a weighting of up to 10% to a single selection criteria for the purpose of recognising one of the following:

- environmentally sustainable benefits
- strengthening and building the economic growth of Aboriginal and Torres Strait Islander owned businesses
- social benefits; and/or
- promoting economic benefits to the local region.

It is recognised that for some procurements, the above factors may compete with each other in importance.

For the purpose of achieving multiple sustainability outcomes, an evaluation panel may assign a collective weighting for the relevant selection criteria that does not exceed 20% in total.

Where council expenditure is funded from state or federal government grant monies the above requirements remain, unless there are grant conditions which require alternative social procurement criteria and/or weightings.

13.1. Environmental Sustainability

Under the *Local Government Act 2020* and *Climate Change Act 2021*, councils are obligated to reduce their greenhouse gas emissions and factor climate change into decision-making and actions that will impact future generations.

Council's Climate Emergency Corporate Response Plan 2021-2031 commits Council to monitoring and reporting on activities and programs that demonstrate environmental leadership, for example by:

- reducing greenhouse gas emissions
- increasing energy efficiency and the uptake of renewable energy
- reducing waste
- promoting a circular economy
- using environmentally sustainable design principles
- conserving water conservation; and
- protecting biodiversity.

In its procurement and purchasing, Council will value the following environmental sustainability criteria:

The waste hierarchy

The waste hierarchy is a set of priorities for the efficient use of resources. Waste avoidance is the highest priority, followed by reduction, reuse, recycling and recovery, with disposal being the very last option. Using this hierarchy avoids unnecessary consumption and waste throughout the product lifecycle.

Supporting a circular economy

A circular economy shifts away from a linear process of making, using and disposing of products, to one where waste is avoided through good design, and resources are valued through the planned recovery and reuse of materials. ([Recycling Victoria: A new economy 2020](#)). In a circular economy, zero recoverable waste is sent to landfill.

Acting on climate change

Responding to climate change involves taking action to mitigate (reduce greenhouse gas emissions), adapt (build resilience to prepare for the impacts of our changing climate) and mobilise (empower people to implement climate solutions). Where possible, Council will choose products and suppliers that are carbon neutral or use low-emissions production methods and supply chains.

Supporting industry change to sustainable practices

All levels of government have a responsibility to use their purchasing power to support innovation in environmentally sustainable products and practices. Council can play a role in stimulating demand and strengthening local markets by purchasing products made from recycled content and using suppliers who utilise sustainable products and/or supply chains.

13.2. Social Sustainability

Social sustainability focuses on the social (or people) aspects of procurement and in particular social equity.

Social equity goals address disadvantage and are underpinned by principles of diversity, acceptance, fairness, compassion, inclusiveness and access for people of all abilities. A focus is placed on people who are underrepresented and people with less opportunity.

Social procurement generates positive outcomes and contributes to building stronger communities by elevating the inherent *social value* of doing business.

Where applicable within the context of purchasing on a value for money basis, Council staff will be supported to use Council's procurement processes and purchasing power to generate positive social and economic outcomes for our community through exploring opportunities including but not limited to:

- Engaging Social Enterprises for the procurement of goods or service.
- Valuing suppliers that identify principles of inclusion, diversity and gender equity.
- Promoting the use of suppliers/businesses owned by Aboriginal and Torres Strait Islander People.
- Council's commitment to actively participate in the G21 Regional Opportunities for Work (GROW) Program.

13.3. Support of local business

Council is committed to buying from local suppliers where such purchases may be justified on value for money grounds.

Council will also seek from prospective suppliers, where applicable, details of the economic contribution they will make to the local Shire and the wider G21 Region.

Such examples may include:

- engaging and contracting with local suppliers
- supply chain engagement of local sub-contractors
- suppliers participation in any local apprenticeship schemes
- contributing to the financial, social and environmental wellbeing of the G21 region; and/or
- enabling business expansion, growth and servicing of local business.

Enhancement of the capabilities of local business and industry

Council is committed to the enhancement of local business and the wider G21 regional economy.

Enhancement of the capabilities of local business and industry means where local capacity exists, actively seeking to engage the local market and encourage their participation in tender and quotation processes, through:

- Actively seeking quotes from local suppliers and industry; and
- Ensuring that the discretionary elements of specifications do not prevent local businesses and industry from competing.

Enhancing opportunities for local business and industry does not mean giving preferential treatment to local suppliers.

14. IMPLEMENTATION OF THIS POLICY

Compliance will be monitored by Council’s Procurement Unit 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 to Council.

Responsible Officer	Roles and Responsibilities
Chief Executive Officer	Ensure overall organisation compliance with the policy.
General Managers	Ensure compliance with the policy by all Council Officers under their supervision.
General Manager Governance & Infrastructure	Overall responsibility for the policy implementation and compliance.
Managers	Ensure compliance with the policy by all Council Officers under their supervision.
Coordinator Procurement	Responsible for reviewing, updating and implementing policy. The Procurement Unit is the primary source for procurement advice, training and guidance.

14.1. Procurement Unit responsibilities

Council’s Procurement Unit is responsible for and will:

- Development and review the Policy and associated guidelines, processes and procedures.
- Maintain procurement systems and tendering documentation.
- Provide best practice procurement advice and support to the organisation.
- Build organisational procurement capability through training and guidance materials.
- Promote awareness of and monitor compliance with this Policy and all relevant legislation.
- Report on procurement activity including compliance against this Policy.
- Collaborate with other councils and organisations to identify opportunities for continuous improvement and to deliver better value from procurement.

14.2. Policy review process

In accordance with the Act, Council will review its Policy at least once during each 4-year term of Council.

14.3. Policy owner and contact details

Council’s General Manager Governance & Infrastructure is the designated owner of this Policy.

All questions regarding the Policy should be directed to the Coordinator Procurement.

15. RELATED PROCEDURE

Nil

16. REFERENCES

- Councillor Code of Conduct
- Staff Code of Conduct
- Contract Management Procedures
- Instruments of Delegation
- Fraud Control Policy
- Corporate Card Procedures
- Gifts, Benefits & Hospitality Policy
- Risk Management Policy
- Local Government Act 2020
- Preface to new Local Government Best Practice Procurement Guidelines
- The relevant provisions of the Competition and Consumer Act 2010 (Cwth)
- Fair Work Act 2009
- Environment Protection Act 2017 and
- other relevant Australian Standards

17. DOCUMENT HISTORY

Version	Document History	Approved by – Date
1	<i>Amended</i>	<i>Council Resolution – 23 Nov 2021</i>

APPENDIX 1 – ACCEPTED EXEMPTIONS

- Regardless of the nature of the expenditure, Council Staff are to adhere to the Best Practice Principles (including Value for Money) of the Procurement Policy as part of any contractual arrangement.

Expenditure Type	Exempt from Procurement Thresholds	Exempt from Purchase Order
Legal Services	Yes	No
Novated Contracts (initial contract complied with Procurement Thresholds)	Yes	No
Statutory Compulsory Insurances (Motor vehicle compulsory third party and Workover)	Yes	Yes
*Insurance Brokerage Fees	No	No
Carbon Offsets (Price of Carbon Offset units and certification fees)	Yes	No
*Carbon Offsets consultancy fees	No	No
Australia Post (Postage and over the counter transaction fees)	Yes	No
Information Technology resellers and software developers Renewal of existing software licenses, maintenance and support agreements or upgrade existing systems and the intellectual property is owned by a single provider	Yes	No
Utilities and Service Authorities <ul style="list-style-type: none"> Realignment or other infrastructure works to assets controlled by service authorities (e.g. water, gas, electricity), where use of the authority's contractors is mandated. Permit and application fees charged by service authorities in relation to the above works 	Yes	No
Statutory Taxes, Levies , Fines and Regulatory fees (e.g. PAYG, GST, EPA levies, motor vehicle registrations)	Yes	Yes
Loans and Investments	Yes	Yes
Property acquisitions (Land and Buildings)	Yes	Yes
Property Leases and Licences	Yes	No
Financial and operating leases where ownership of the goods does not transfer to Council at completion (e.g. motor vehicles, I.T. equipment, gymnasium equipment)	Yes	No
Contracts of Employment (person as an employee of the council)	Yes	Yes
Advertising Costs (recruitment, public notices, general advertising)	Yes	No
Memberships and Subscriptions	Yes	No
Venue Hire	Yes	No
Grants, Contributions, Donations and Reimbursements	Yes	Yes
Professional workshops, conference fees and certification courses	Yes	Yes
Medical Expenses	Yes	Yes

APPENDIX 2 – COLLABORATIVE PROCUREMENT PARAMETERS

The two primary methods of Collaborative Procurement are:

1. Where another entity has established an existing contract or arrangement, that permits Council to engage suppliers within the terms of the other entity’s head agreement; or
2. A joint approach between Council and another entity(s) to the market.

The following departures to standard Procurement Policy requirements and process, are accepted with a view to removing barriers that may otherwise limit collaborative procurement opportunities for Council.

Collaborative Method	Entity / Contract Type	Description/ Limitations	Policy Exemptions
1.1	SPC (Victorian State Purchasing) WoGV (Whole of Government) <ul style="list-style-type: none"> • Contract or Standing Offer Agreement 	Head agreement must include provision for Council use. Council use must be within Contract scope	Clause: 9 (excl. 9.7), 10 13.1
1.2	WRRG (Waste & Resource Recovery Groups). <ul style="list-style-type: none"> • Existing Contract or Standing Offer 	Head agreement must include provision for Council use. Type of engagement must be within head Contract scope	Clause: 9(excl. 9.7), 10 13.1
1.3	Group Buying Agents (Aggregators): Municipal Association of Victoria (MAV), National Procurement network members (e.g. Local Buy), Procurement Australia (PA) <ul style="list-style-type: none"> • Existing Public Tendered Contract or Standing Offer Agreement 	Head agreement must include provision for Council use. Type of engagement must be within head Contract scope. <i>Clause 9* - these contracts often include variable schedules of rates, some form of competitive procurement process may still need to be undertaken to demonstrate value for money e.g. RFQ within contract panel, in lieu of a Tender.</i>	Clause: 9* (exc. 9.7) 10 13.1
1.4	Federal and State Government: prequalified Supplier Lists (e.g. Construction Supplier Register) Preferred Supplier lists established without a tender process and /or pricing has not been obtained as part of prequalification.	Terms of Supplier Prequalification must include provision for Council use. <i>Clause 9.5* - Council staff are required to demonstrate value for money by undertaking a further competitive procurement process with the prequalified suppliers, noting the following amendments;</i> <ul style="list-style-type: none"> • For expenditure \$350K or greater - a Select Tender process may be used in lieu of Public Tender; and • For all other expenditure General Manager may approve a reduction in minimum suppliers invited to quote. 	Clause: 9.5* (only) 13.1
2.	A joint market approach with other government entities, government-owned entity or other approved third party. Council is part of the joint approach to market a contract for the procurement of goods services or work. <i>When considering partnerships for joint procurements, the Surf Coast Shire Council will in the first instance look for collaborative opportunities with other G21 Regional Councils to enhance the capabilities of local industry.</i>	Council may only participate in a joint tender where a <i>Procurement Collaboration Plan</i> is developed and agreed to by all participating entities. A <i>Procurement Collaboration Plan</i> may take various forms and is scalable to reflect the complexity, risk and nature of the procurement. At a <u>minimum</u> a plan will include; <ul style="list-style-type: none"> • Recording of initial CEO authorisation to participate in the joint procurement; • Address management of probity and risk throughout the procurement process • Roles and responsibilities for participants including development specification request for tender documentation, and form of 	Clause: 9 (excl. 9.7), 10 13.1*

Collaborative Method	Entity / Contract Type	Description/ Limitations	Policy Exemptions
		<p>contract;</p> <ul style="list-style-type: none"> • Address each entities individual requirements for acceptance of tender(s) and awarding of contract(s) <p>At a minimum, General Manager approval of the final Collaboration Plan is required for Council to participate in a joint tender.</p> <p><i>*Clauses 9, 10 & 13.1 – in the event of any other conflict between the approved Collaboration Plan and Council’s Procurement Policy, which may otherwise prevent a joint tendering opportunity, the CEO may authorise that Collaboration Plan take precedence (excluding changes to clause 9.7).</i></p>	