

# SCS-019 Procurement Policy

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**Responsible Officer:** Manager Governance and Risk

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## 1. DEFINITIONS

Term	Description
<b>Act, the</b>	<a href="#"><u>Local Government Act 2020 (LGA 2020)</u></a> .
<b>Best and Final Offer (BAFO)</b>	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.
<b>Collaborative Procurement</b>	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.
<b>Commercial in Confidence</b>	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.).
<b>Contract</b>	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.
<b>Contract Management</b>	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.
<b>Council</b>	Surf Coast Shire Council, including Councillors and Council staff.
<b>Councillors</b>	Council's elected representatives (the Mayor and Councillors).
<b>Council Officer</b>	Includes permanent and temporary employees of Surf Coast Shire Council.
<b>Emergency</b>	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 or works to provide relief, business continuity or public safety.
<b>Evaluation Criteria</b>	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 or quotation documentation.
<b>Expression of Interest (EOI)</b>	An EOI is the first stage of a multi-stage tender process. An EOI process is used to identify potential suppliers interested in, and capable of, delivering the required goods, services or works. The EOI stage alone cannot lead to the issuing of a contract and must not include a request for supplier pricing information.
<b>First Nations Business</b>	A business that is at least 50% owned and operated by an Aboriginal or Torres Strait Islander person(s) as defined in section 4 of the <i>Aboriginal Heritage Act 2006</i> .
<b>G21 Region</b>	Includes the municipalities of City of Greater Geelong, Colac Otway Shire, Surf Coast Shire, Borough of Queenscliffe and Golden Plains Shire.
<b>Goods</b>	Movable personal property, especially merchandise used in trade or commerce and requiring carriage from one place to another.
<b>GST</b>	Goods and Services Tax
<b>Local Supplier</b>	A business that is physically located within the municipality of the Surf Coast Shire.
<b>Panel Contract</b>	A standing offer arrangement based on a schedule of rates contract that sets out rates for goods and services which are available for the term of the agreement but without a commitment to purchase a specified value or quantity of goods or services.
<b>Probity</b>	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 Council's policies and legislation, are established, understood, and followed from the outset.

Term	Description
<b>Probity Advisor</b>	Provides advice, during the undertaking of a procurement process, on probity issues which may arise, together with advice on strategies to overcome potential problems.
<b>Probity Auditor</b>	Provides independent scrutiny after completion of a procurement process and expresses an objective opinion to whether the probity principles and standards were adhered too.
<b>Probity Plan</b>	Outlines principles and actions that will be taken to establish and maintain appropriate probity and report on compliance with the plan leading up to, during and at completion of the procurement process.
<b>Procurement</b>	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.
<b>Procurement Plan</b>	Refers to a detailed plan for a tender process. It outlines the procurement strategy for the approach to market, including but not limited to project description, risk assessment, budget, composition of evaluation panel, evaluation criteria, timelines, governance and roles and responsibilities of evaluation panel members.
<b>Public Tender Process</b>	The process of inviting parties via public advertisement to submit an offer by tender followed by evaluation of submissions and selection of a successful respondent in accordance with pre-determined evaluation criteria.
<b>Request for Quotation (RFQ)</b>	The process of inviting parties to submit a quotation followed by evaluation of submissions and selection of a successful respondent.
<b>Social Enterprise</b>	An independent certified social benefit supplier that: <ul style="list-style-type: none"> <li>• has a defined primary social, cultural or environmental purpose consistent with a public or community benefit</li> <li>• derives a substantial portion of income from trade</li> <li>• invests resources into purpose such that public/community benefit outweighs private benefit.</li> </ul> (e.g. member of Social Traders).
<b>Supplier</b>	An external person or organisation from which goods, services and works are purchased for or on behalf of Council, and in accordance with contractual obligations.
<b>Sustainable Procurement (Social and Environmental)</b>	A strategic procurement approach to meeting Council's needs for goods, works and services in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.
<b>Value for Money</b>	A measure of the benefits Council obtains for its expenditure, taking into account both cost and non-cost factors, including: <ul style="list-style-type: none"> <li>• advancement of Council's corporate strategic objectives and priorities, including the Council Plan and other policies</li> <li>• performance against non-cost factors such as fit for purpose, quality, service and support, social benefit and environmentally sustainable business practices</li> <li>• cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.</li> </ul> Lowest price is not the sole determinant of value for money.

## 2. PURPOSE

The purpose of this policy is to guide Council's procurement activities in a manner that supports ethical, efficient, and effective procurement practices that deliver value for money for the community and align with Council's strategic objectives.

Council is required under sections 108 and 109 of the *Local Government Act 2020* (The Act) to prepare, adopt and comply with its procurement policy.

## 3. SCOPE

This policy applies to Councillors, Council staff and any external parties engaged in relation to a procurement on behalf of Council and will apply to all levels of procurement activity.

## 4. TREATMENT OF GST

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

## 5. POLICY PRINCIPLES

This policy provides direction to the Surf Coast Shire Council in conducting procurement functions in accordance with legislative requirements and adhering to the following key guiding best practice principles (guiding principles):

- Open and fair competition.
- Delivery of value for money outcomes.
- Consistency and control over Council's procurement processes.
- Accountability to ratepayers and residents.
- Ethical behaviour within Council's procurement processes.
- Achieving sustainability in procurement with respect to social, economic and environmental factors.
- Applying a strategic approach to procurement to maximise value and efficiency.

## 6. APPLICATION OF GUIDING PRINCIPLES

Council's procurement processes must adhere to the best practice principles, irrespective of the value and complexity of that procurement.

### 6.1. Probity, accountability and transparency

Council is committed to upholding the highest standards of probity, accountability and transparency in all procurement activities, in line with The Act, and the *Victorian Local Government Best Practice Procurement Guidelines (2024)*.

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.

All Councillors, Council officers and authorised agents are accountable for their decisions and the outcomes of procurement processes undertaken on behalf of Council.

All procurement activities must be conducted in a manner that:

- complies with The Act, this policy, associated procurement manual or guidelines, relevant legislation and applicable standards
- demonstrates integrity, fairness, and transparency
- is defensible under internal and external scrutiny
- manages conflicts of interest and maintains public trust
- prevents and mitigates risks such as fraud, corruption or collusion.

Where procurement activities are carried out by authorised agents on Council's behalf (e.g. external parties, consultants, contractors), they must comply with the same legal, ethical and procedural obligations as Council officers.

### 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 submitted by suppliers in tenders, quotations or during tender negotiations
- information that is marked confidential, or reasonably understood to be confidential due to its nature
- any details related to current or proposed contracts, particularly where disclosure could compromise Council's position or breach probity.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubts 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.

## 6.2. Strategic procurement

Council staff are to adopt a strategic approach to procurement to maximise value and efficiency.

Each procurement activity will be planned with consideration of:

- the advancement of Council's corporate strategic objectives and priorities
- opportunities for aggregated purchasing across Council or with other entities through approved purchasing schemes
- joint collaborative procurement arrangements
- utilisation of existing internal and external supplier panels or contracts
- alternate contracting models that best support the delivery of outcomes.

(Refer *Appendix 4: Strategic Procurement* for further guidance).

## 6.3. Value for money and sustainable procurement

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:

- contribution to the advancement of Council's priorities and objectives
- fitness for purpose, quality, social and environmental impacts, service and support
- 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:

- developing, implementing and managing procurement strategies that support the coordination and streamlining of activities throughout the procurement lifecycle
- aggregating purchasing whenever possible
- undertaking competitive procurement processes.

### Sustainable procurement

Council's approach to value for money includes integration of sustainable procurement principles. This means ensuring that economic, environmental, social, and ethical considerations are embedded into procurement planning and decisions wherever practical and proportionate.

Sustainable procurement outcomes are improved by:

- avoiding unnecessary consumption
- minimising environmental impacts over the life of the goods and services, including their production, use and disposal
- prioritising goods that include recycled content and/or can be recycled
- prioritising energy efficient and low emissions products and/or services
- purchasing goods, services and works that benefit local businesses or social enterprises
- fostering innovation through its procurement of sustainable products and services
- ensuring that fair and ethical sourcing practices are applied and that suppliers comply with socially responsible and ethical practices, including legislative obligations to employees.

(Refer *Appendix 4: Strategic Procurement* for further guidance).

## 6.4. 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, services and works 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 integrate risk identification at the earliest planning stage to inform the procurement process
- allowing sufficient planning and lead-time for procurement preparation and consideration
- a procurement plan, incorporating a risk analysis will be prepared for all tenders
- the availability of existing funds within an approved budget, or source of funds must be established prior to the commencement of any procurement action
- use of Council standard-form or Australian Standard contracts which include current, relevant clauses to mitigate risk to Council
- ensuring where a non-standard contract, or an amendment to Council standard terms and conditions are requested, a legal review has been completed prior to the award of contract
- ensuring that standard terms and conditions issued by Council require suppliers to adhere to all applicable legislative requirements, with specific reference to compliance to Occupational Health and Safety, the Charter of Human Rights, Modern Slavery and Child Wellbeing and Safety legislation
- obtaining contract security (e.g. bank guarantees) where appropriate
- seeking input from relevant experts in the drafting of tender specification documentation
- ensuring agreements are executed by the delegated officer prior to commencement
- ongoing and timely contract management including monitoring and enforcing performance.

## 6.5. Ethics

### Conduct of Councillors and Council officers

Councillors and Council officers shall conduct themselves in ways that are in accordance with the *Model Councillor Code of Conduct* or the *Staff Code of Conduct* policies respectively, performing their duties ethically and with integrity.

### Conflict of interest

Councillors and Council officers shall at all times avoid situations which may give rise to an actual or perceived conflict of interest. Identified conflicts must be managed in accordance with Council's policies and procedures.

A Council officer involved in a procurement process, in particular preparing tender documentation, writing tender specifications, opening tenders, participating in tender evaluation panels, or preparing a recommendation report, and Councillors and Council officers awarding contracts 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 officers participating in tender evaluation panels must complete a conflict-of-interest declaration. Council officers must declare any actual or perceived conflicts in line with Council's internal processes for reporting conflicts of interest
- observe prevailing Council and government guidelines on how to prevent or deal with conflict of interest situations and not take advantage of any tender or quotation related information whether or not for personal gain.

### Endorsement

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

### Gifts and benefits

No Councillor or Council officer 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 officers will be managed in accordance with Council's internal policies and processes.

Councillors and Council officers must not knowingly engage a Council supplier for private benefit, unless that engagement is on proper commercial terms.

## POLICY

## 7. MARKET ENGAGEMENT METHODS

### 7.1. Procurement options

The policy applies to all procurement regardless of process or dollar value. 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
- petty cash.

The method for payment of suppliers must be in accordance with Council's management policy, *MPP-013 Creditors and Suppliers Management Policy*, and Corporate Card Procedures.

## 7.2. 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) 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.

## 7.3. 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:
  - at least one local supplier or a supplier located within the G21 region
  - at least one supplier that has not been awarded a tendered contract by Council within the last 12 months.

If Council staff are unable to identify a sufficient number of genuine suppliers to meet the above requirements, or where a select tender process is otherwise unlikely to achieve value for money, a public tender process is to be undertaken.

## 7.4. 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 must not accept a late tender.

## 7.5. Procurement thresholds

Section 108 of the Act requires Council to establish the public tender threshold above which tenders or expressions of interest must be publicly invited.

The table provided in *Appendix 1: Procurement Thresholds*, identifies the minimum market engagement methods to be employed taking into consideration the procurement thresholds.

## 7.6. 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.

Surf Coast Shire Council's *Instrument of Delegation - SCS Financial 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.

Council must approve the decision to award a contract where the contract value exceeds the CEO's delegation. (*S5 Instrument of Delegation – Council to the Chief Executive Officer*).

## 7.7. 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, an exemption to the minimum required market engagement methods set out in clause 7.5 – *Procurement Thresholds* are permitted where the purchase is identified as either a:

- **General Exemption:**

The expenditure is of a type listed in *Appendix 2: General Exemptions*, and no further approval process is required in relation to exemption from market engagement methods; or

- **Specific Exemption** (prior approval required)

The expenditure is of a type listed in *Appendix 3: Specific Exemptions* and a formal application to undertake an alternate market engagement method has been submitted by Council officers and approved prior to commencing a procurement process, and in accordance with the requirements set out in *Appendix 3*.

## 8. EVALUATION AND NEGOTIATION PROCESS

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

### 8.1. 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 request document.

Council may include the following evaluation criteria categories to determine whether a proposed contract provides value for money:

- mandatory compliance criteria (e.g. occupational health and safety, applicable registrations or licences, etc.)
- price
- capacity to provide the goods and/or services and/or works
- capability of the respondent
- methodology
- demonstration of sustainability (local, social, economic and environmental).

### 8.2. 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 or quotation.

For all competitive quotation and tender processes an evaluation panel comprising a minimum of two voting members must be established.

For all tender processes, the Procurement Unit will also appoint a non-voting chairperson to the evaluation panel.

### 8.3. Shortlisting and negotiations

Council may conduct a shortlisting process for EOI, tender or RFQ procurements. Shortlisting can be based on any of 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
- where they will achieve a value for money outcome for Council

- where they remain within the intent and scope of the EOI, tender or RFQ.

Probity requirements apply to all negotiations.

## 9. CONTRACT MANAGEMENT

Council will proactively reinforce the performance of obligations and responsibilities under a contract by applying best practice contract management principles.

Council contracts are to include contract management requirements commensurate with the complexity of the procurement.

Good contract management ensures goods, services or works are delivered within the approved budget, 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 *Surf Coast Shire Council Contracts Management Guide* (Management Procedure), Risk Management Framework and relevant workplace health and safety procedures.

### 9.1. Contract variations

The conditions of a contract will generally prescribe the circumstances in which a variation might arise, and the process for approval.

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

If a budget variation is required before a contract is entered into, or whilst the contract is ongoing, the budget variation must be approved before the contract is entered into, or a contract variation is approved, and approval must be in accordance with Council's instruments of delegation.

## 10. COMPLAINTS REPORTING AND NON-COMPLIANCE

### 10.1. 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 officers will report and manage complaints in accordance with Council's internal policies and processes.

### 10.2. Reporting suspicious activities

All Councillors, Council officers 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 reasonably 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 IBAC's mandatory reporting requirements.

### 10.3. Probity advisors and probity auditors

The role of probity advisor and probity auditor are mutually exclusive and cannot be undertaken by the same person.

#### Appointment of probity auditor

An external probity auditor may be engaged by the CEO to investigate compliance of a completed 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, Council's 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.

#### Appointment of probity advisor

The CEO may appoint an external probity advisor where the evaluation panel, under guidance of the Procurement Unit, considers a proposed procurement to be particularly complex, high risk or controversial in nature, and requiring on-going specialist probity advice throughout a procurement process.

The Coordinator Procurement will assess each procurement with an anticipated contract value over \$5,000,000 to determine whether an external probity advisor is required. The decision will be documented in the Procurement Plan for the tender.

Where an external probity advisor is appointed, a formal Probity Plan will be prepared by the evaluation panel.

## 11. LOCAL GOVERNMENT ACT 2020 PRINCIPLES

Principles	Applicable to policy	If yes, provide details
<b>Governance Principles</b> (Consideration of the Governance Principles under s.9 of LGA 2020)	Yes	Of particular relevance are s.9(b) 'priority is to be given to achieving the best outcomes for the municipal community, including future generations'; s.9(c) 'the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is promoted'; and 9(i) 'the transparency of Council decisions, actions and information is to be ensured'.
<b>Community Engagement</b> (Consideration of Community Engagement Principles under s.56 LGA 2020)	No	
<b>Public Transparency</b> (Consideration of Public Transparency Principles under s.58 of LGA 2020)	Yes	This policy has taken into consideration the Public Transparency Principles, specifically s.58(a) 'Council decision making processes must be transparent except when the Council is dealing with information that is confidential by virtue of this Act or any other Act' e.g. commercial-in-confidence information.

<b>Strategies and Plans</b> (Consideration of Strategic Planning Principles under s.89 of LGA 2020)	Yes	The principles under s.89 of the LGA 2020 have been taken into consideration, including risk management and alignment to other Council plans and other policies. This policy ensures procurement processes support where practicable the achievement of Council's strategic goals, including social and environmental benefits.
<b>Financial Management</b> (Consideration of Financial Management Principles under s.101 of LGA 2020)	Yes	This policy has taken into consideration all the principles under s.101 of LGA 2020. The value for money focus of the policy effectively supports maintaining financial viability, and management of financial risks through adherence to best practice contract management practices.
<b>Service Performance</b> (Consideration of Service Performance Principles under s.106 of LGA 2020)	Yes	All principles under s.109 of the LGA 2020 have been taken into consideration with regards to Council's engagement of external contractors to facilitate service delivery to the community, and complaints handling procedures.

## 12. IMPLEMENTATION OF THIS POLICY

Compliance will be monitored by Council's Procurement Unit and minor issues identified will be addressed by Council officers 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
<b>Chief Executive Officer</b>	Ensure overall organisational compliance with the policy.
<b>General Managers</b>	Ensure compliance with the policy by all Council officers under their supervision.
<b>General Manager Strategy and Effectiveness</b>	Overall responsibility for the policy implementation and compliance.
<b>Managers</b>	Ensure compliance with the policy by all Council officers under their supervision.
<b>Coordinator Procurement</b>	Responsible for reviewing, updating and implementing the policy. The Procurement Unit is the primary source for procurement advice, training and guidance.
<b>Senior Contracts Manager</b>	The Contracts Management Unit is the primary source for advice, training and guidance in relation to contractual management process and matters (including administering of the contract, claims and variations).

### 12.1. Procurement Unit responsibilities

Council's Procurement Unit is responsible for:

- development and review of the policy and associated guidelines, processes and procedures
- maintaining procurement systems and tendering documentation
- providing best practice procurement advice and support to the organisation
- building organisational procurement capability through training and guidance materials
- promoting awareness of and monitoring compliance with this policy and all relevant legislation
- reporting on procurement activity including compliance against this policy
- collaborating with other councils and organisations to identify opportunities for continuous improvement and to deliver better value from procurement.

## 12.2. Policy review process

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

Council's Manager Integrity and Governance is the designated owner of this policy. All questions regarding the policy should be directed to the Coordinator Procurement.

## 13. RELATED PROCEDURE

MPP-013 Creditors and Suppliers Management Policy.

## 14. REFERENCES

- *Local Government Act 2020*
- The Victorian Local Government Best Practice Procurement Guidelines (2024)
- Council Instruments of Delegation
- Model Councillor Code of Conduct
- Staff Code of Conduct
- Procurement Procedures and Guidelines
- Contract Management Procedures
- Corporate Card Procedures
- Fraud Control Policy
- Gifts, Benefits & Hospitality Policy
- Risk Management Policy
- Privacy Policy
- Public Art Policy
- The relevant provisions of the *Competition and Consumer Act 2010* (Cth)
- *Fair Work Act 2009*
- *Environment Protection Act 2017*
- *A Charter of Human Rights and Responsibilities Act 2006* (Vic)
- *Gender Equality Act 2020*
- *Modern Slavery Act 2018* (Cth).
- *Occupational Health and Safety Act 2004*
- *Child Wellbeing and Safety Act 2005*, and
- other relevant Australian Standards

## 15. DOCUMENT HISTORY

Version	Document History	Approved by – Date
1	<i>Adopted</i>	<i>Council Resolution – 23 November 2021</i>
2	<i>Adopted</i>	<i>Council Resolution – 28 October 2025</i>

## APPENDIX 1: PROCUREMENT THRESHOLDS

The table provided below sets out the minimum market engagement methods to be used for all purchasing activities, taking into consideration the procurement thresholds.

Total value (GST Exclusive)	Market Engagement Method (minimum requirement)	Procurement Process (minimum requirement)	Agreement Type
Less than \$1,000	Single Quotation	Obtain one verbal quote	Purchase Order
\$1,000 to \$19,999	Single Quotation	Obtain one written quote	Purchase Order
\$20,000 to \$199,999	Request For Quotation	Seek three written quotations <i>Council staff to conduct the process in accordance with the <b>Surf Coast Shire Council Quotation Process: Guide</b></i>	RFQ Purchase Order Agreement or <b>Contract:</b> Formal Instrument of Agreement
\$200,000 or greater	Public Tender	Invitation to tender is via public notice <i>Council staff to conduct the process in accordance with the <b>Surf Coast Shire Council Tender Process: Guide</b></i>	<b>Contract:</b> Formal Instrument of Agreement
\$200,000 to \$499,999*	(*Optional) Select Tender	Minimum 5 suppliers invited to tender <i>*Subject to satisfying requirements of clause 7.3, otherwise a Public Tender approach</i>	<b>Contract:</b> 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
- consider an expression of interest, which may form part of a multi-stage public tender process.

### 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)
- 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 must not be split to avoid procurement thresholds.**

## APPENDIX 2: GENERAL 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.
- Authorising of payments will be governed by Surf Coast Shire Council's instruments of delegation.
- MPP-013 Creditors and Suppliers Management Policy* sets out the methods of payment to be used by Council officers.
- The following types of expenditure are exempt from undertaking a competitive request for quotation or tender process. An exemption application form is not required.

	Description	Explanation
<b>Non-Purchasing Activity</b>		<i>The expenditure DOES NOT relate to the purchase of goods, works or services for and on behalf of Council</i>
1	Contracts of employment	<i>Employee costs including permanent staff, casual staff and temporary employees directly engaged by Council. (Employee costs associated with staff supplied and paid via agency / third party arrangement are not exempt).</i>
2	Councillor expenses	<i>Inclusive of allowances and reimbursements.</i>
3	Financial operating leases	<i>Ownership of the goods does not transfer to Council at completion of lease (e.g. motor vehicles, I.T. equipment, gymnasium equipment).</i>
4	Grants, contributions, donations, and reimbursements	<i>Inclusive of staff reimbursements.</i>
5	Loans and investments	
6	Novated contracts	<i>Initial contract was entered into in compliance with this policy and due diligence has been undertaken in respect to the new party.</i>
7	Property: Acquisition, leasing and licencing of land and buildings	
8	Statutory taxes, levies, fines, permits, registrations, and regulatory fees	<i>Payments with statutory/legislative requirements, such as payments to the Australian Taxation Office, Environment Protection Authority levies etc.</i>
9	Trust bonds, retentions funds held as contract security	<i>Payments relating to the return of bonds and retention monies held as security.</i>
<b>Other: Non-competitive Market</b>		<i>Limited competition exists and/or the application of the procurement thresholds is generally accepted as unlikely to deliver a better value outcome.</i>
10	Advertising	<i>Includes recruitment, public notices and general advertising.</i>
11	Australia Post services	<i>Postage and over the counter transaction fees.</i>
12	Cultural heritage services	<ul style="list-style-type: none"> <li><i>Costs associated with land management considerations pursuant to the Aboriginal Heritage Act 2006 (Vic) (e.g. for the assessment and development of Cultural Heritage Management Plans, applications for permit etc.).</i></li> <li><i>First Nations culturally significant services (e.g. Welcome to Country).</i></li> </ul>
13	Maintaining asset warranties	<i>Costs within the terms of a warranty provided at time of purchase of a Council asset (e.g. plant or equipment), and terms specify a specific supplier is to be used for planned and reactive maintenance.</i>
14	Medical expenses	<i>Services provided by a licensed medical practitioner.</i>
15	Professional memberships and subscriptions	<i>Must relate to position held at Council.</i>
16	Professional workshops, conference fees and training courses	<i>Must relate to position held at Council.</i>
17	Professional Service (other) <ul style="list-style-type: none"> <li>Legal Services</li> <li>Insurances</li> </ul>	<i>Other professional services, includes both statutory insurances (e.g. WorkCover) and general insurances (e.g. public liability).</i>

18	Public art	<i>Expenditure for the acquisition, commissioning, and maintenance of public art in accordance with Council's Public Art Policy.</i>
19	Social benefit	<i>Procurement not exceeding \$100,000 from:</i> <ul style="list-style-type: none"> <li>• a First Nations business, or</li> <li>• a Social Enterprise, and</li> <li>• where the supplier has not previously been engaged by Council.</li> </ul> <i>(Prior to engagement, Council officers are to consult the Procurement Unit who will maintain a register of procurement activity specific to this exemption).</i>
20	Software licence and related maintenance renewals	<i>Renewals at the end of an existing contract or licence term where the ongoing use of the software is required to support the organisation.</i>
21	Utilities and service authorities	<ul style="list-style-type: none"> <li>• <i>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. Includes application fees or charges by service authorities in relation to works.</i></li> <li>• <i>Utilities where there is only a single supplier servicing the region (e.g. Barwon Water).</i></li> </ul>
22	Venue hire	

### APPENDIX 3: SPECIFIC EXEMPTIONS (prior approval required)

Where the circumstance and nature of a specific purchase is not listed in *Appendix 2*, and an alternate market engagement method to deliver a value for money outcome is required, an application for exemption to the procurement thresholds (clause 7.5) may be submitted for approval in the following situations.

- 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) and not otherwise listed in *Appendix 2*.
- 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;
- Where the procurement relates to an innovative solution that requires testing of a prototype or proof of concept with a sole supplier (e.g. software solution, development of sustainable alternative product), and if successful may result in a further commitment by Council to a minimum service term or quantity\*, or
- It is not in the interest of the public to apply the procurement thresholds.

#### **\*Proof of Concept:**

*In addition to the standard exemption approval process detailed below; a procurement plan will be required in support of the exemption application. The plan must detail the proposed procurement approach for both the initial proof of concept plus any proposed agreed term should the service be scaled up and including an upper value limit for both the initial stage and potential full term.*

#### Exemption approval process:

Council staff must complete an *Application for Exemption to the Procurement Thresholds* form in accordance with the procurement exemption process.

Council staff are not permitted to seek a quotation or tender from a supplier until the exemption application has been approved, or Council resolution has been made, as set out below:

Procurement Estimated Value (ex- GST)	Approval of Policy Exemption
\$20,000 - \$149,999	Exemption application form must be approved by General Manager.
\$150,000 - \$499,999*	Exemption application form must be approved by the CEO. (* Emergency requiring immediate attention)
greater than \$500,000	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 greater than \$500,000. 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.

## APPENDIX 4: STRATEGIC PROCUREMENT

Council staff are to consider the following strategic procurement practices and innovative procurement solutions to promote social and environmental sustainability and value for money, including making use of collaboration and partnership opportunities.

### PART A: Socially and environmentally 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 evaluation criterion or for the purpose of achieving multiple sustainability outcomes. An evaluation panel may assign a combined weighting for the relevant selection criteria that does not exceed 20% in total, recognising one or more of the following:

- environmentally sustainable benefits (e.g. climate emissions and recycled materials)
- strengthening and building the economic growth of First Nations businesses
- social benefits
- promoting economic benefits to the local region.

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

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.

#### i. 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
- water conservation
- protecting biodiversity.

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

- **The waste hierarchy**

The waste hierarchy is a framework that prioritises different waste management options, from most to least preferable or environmentally sustainable (regarding efficient use of resources). Waste avoidance is the highest priority, followed by reduction, reuse, recycling/composting and recovery, with landfill/disposal being the very lowest priority. Using this hierarchy avoids unnecessary consumption and waste. This hierarchy is a central concept in federal and state government waste management policies and strategies.

- **Supporting a circular economy**

A circular economy shifts away from a linear process of take-make-use-dispose of products, to one where waste is avoided through good design, and resources are valued through the planned reuse and recovery of materials at their highest possible value ([Recycling Victoria: A new economy 2020](#)). In a circular economy there is no waste. Where possible, Council will choose products that are reusable or are made with recycled content and will choose suppliers driving innovation and the circular economy transition. Council has a *Circular Economy Action Plan 2024-2027* outlining targets, priorities and actions in this area.

- **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.

## ii. 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 First Nations people.

- **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 any region
- 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

- 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.

## **PART B: Collaborative procurement and aggregation**

### **iii. COLLABORATIVE PROCUREMENT**

In accordance with section 108(c) of the Act, Council will first consider 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.

In accordance with the Act, Section 109(2), each report to Council recommending entering into a procurement agreement, will include information relating to the opportunities for collaboration.

- **Identifying collaborative procurement opportunities**

Council staff are to 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.

As part of the procurement planning process for tenders, Council officers are required to demonstrate that consideration has been given to opportunities for collaborative procurement arrangements.

Where benefit to the community, either directly or indirectly is unlikely to be achieved, a collaborative approach should not proceed.

Procurement activities where the specifications of the goods, services or works required are unique to a specific Council site and are not applicable to other councils may not be considered for collaboration.

- **Participating in a collaborative procurement**

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.

Modification of Council's standard Procurement Policy requirements may be necessary to achieve the optimum benefits available from collaborative procurement opportunities. Although departures to standard policy and process requirements are permitted, the best practice principles of this policy will continue to apply for all collaborative procurement.

Council may utilise an existing collaborative procurement arrangement established through a public tender process undertaken by a reputable body (e.g. Procurement Australia, State Purchasing Contract, Municipal Association of Victoria) for which the Council was not party to the original tender process, providing the tender process was consistent with best practice principles of this policy.

Where Council participates in a collaborative request for quote or tender process with another organisation(s):

- the participating entities will establish a written agreement that nominates who will act as lead tendering agent
- a procurement plan, evaluation plan and probity plan must be developed and agreed to by all participating councils/organisations
- each participating council/organisation must be involved in:
  - the initial decision to undertake the collaborative procurement arrangement
  - preparation of, and agreement to, the specifications
  - ensuring probity for the collaborative process
  - the acceptance of tender(s) and awarding of contract(s).

Council's instruments of delegation will continue to govern all decisions to award contracts established via a collaborative procurement process.

#### **iv. PANEL CONTRACTS**

Panel contracts can provide Council with a convenient, flexible, streamlined, and efficient process for acquiring the goods or services covered by the panel arrangements, which may:

- reduce the price of supply to Council by obtaining better pricing through aggregated purchasing
- continue to meet the varying business needs by establishing and maintaining procurement arrangements that satisfy Council's recurrent and ad hoc business needs
- optimise savings through price reductions and improved supplier engagement process efficiencies.

The use of panel contracts arrangements must:

- adhere to the principles of value for money, and open and fair competition as required under the Act
- ensure transparency and open opportunity for suitably qualified panel suppliers
- be supported by appropriate documentation and evaluation to demonstrate compliance and probity.

To achieve value for money, a further competitive procurement process may still need to be undertaken (e.g. a request for quotation process within a contracted panel of suppliers).

Council staff may access panel contracts without the need to undertake a further procurement process where each of the following requirements are met:

- value for money can be demonstrated
- the type of engagement is within the panel contract scope
- an existing specific price per unit applicable to the proposed engagement is available under the contract.

- **Pre-qualified supplier lists established by external organisations**

A preferred supplier list has been created by another government entity or external reputable tendering agent and pricing has not been obtained as part of prequalification. (e.g. Construction Supplier Register – Department of Transport, VicFleet – Victorian State Government).

Council officers are required to demonstrate value for money by undertaking a further competitive procurement process within the prequalified supplier list, noting the following:

- terms of use of the prequalified list must include provision for Council to access the list
- for procurements exceeding \$200,000, a select tender process may be used in lieu of a public tender with CEO approval
- for procurements between \$20,000 and \$199,999 a General Manager may approve a reduction in minimum suppliers invited to quote.