

Procurement Policy

February 2017

Table of Contents

Table of Contents	2
1.1 PURPOSE	3
1.2 SCOPE	3
1.3 BACKGROUND	3
1.4 DEFINITIONS AND ABBREVIATIONS.....	4
2 Effective Legislative and Policy Compliance and Control.....	5
2.1 ETHICS AND PROBITY	5
2.2 GOVERNANCE	7
2.3 PROCUREMENT THRESHOLDS AND COMPETITION	9
2.4 DELEGATION OF AUTHORITY	11
2.5 INTERNAL CONTROLS	12
2.6 RISK MANAGEMENT	12
2.7 CONTRACT TERMS	13
2.8 ENDORSEMENT	13
2.9 DISPUTE RESOLUTION	13
2.10 CATEGORY MANAGEMENT	13
2.11 CONTRACT MANAGEMENT	13
3 Demonstrate Sustained Value	14
3.1 ACHIEVING BEST VALUE	14
3.2 PERFORMANCE MEASURE AND CONTINUOUS IMPROVEMENT	14
3.3 CORPORATE SOCIAL RESPONSIBILITY	15
4 Apply a Consistent and Standard Approach	16
4.1 STANDARD PROCESSES.....	16
4.2 PERFORMANCE INDICATORS	16
4.3 MANAGEMENT INFORMATION.....	16
5 Build and Maintain Supply Relationships	17
5.1 DEVELOPING AND MANAGING SUPPLIERS	17
5.2 RELATIONSHIP MANAGEMENT	17
5.3 COMMUNICATION.....	17
6 Continual Improvement	17
7 Policy Contact Details.....	17

1 Principles

1.1 Purpose

The purpose of this policy is to:

- Provide policy and guidance to the Council to allow consistency and control over procurement activities;
- Demonstrate accountability to ratepayers;
- Provide guidance on ethical behaviour in public sector purchasing;
- Increase the probability of obtaining the right outcome when purchasing goods and services.

1.2 Scope

This Procurement Policy is made under Section 186A of the *Local Government Act 1989*(the Act).

This section of the Act requires Council to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by Council.

This policy applies to all contracting and procurement activities at council and is binding upon councillors, council officers and temporary employees, contractors and consultants while engaged by the council.

The Act and the procurement policy of council are the primary reference points for how all procurement should be performed.

This policy should be read in conjunction with the following council documents.

- Fraud Awareness Brochure
- Environmental Purchasing Guidelines
- Employee Code of Conduct Policy
- Council's Governance Code (incorporating Councillor Code of Conduct

1.3 Background

The elements of better practices applicable to local government procurement incorporate:

- Broad principles covering ethics, value for money, responsibilities and accountabilities;
- Guidelines giving effect to those principles;
- A system of delegations
- Procurement processes, with appropriate procedures covering minor simple procurement to high value complex Procurement; and
- A professional approach to all procurement activities.

It also requires that its contracting and purchasing activities:

- Support Council's corporate strategies, aims and objectives;
- Take a long term view of its procurement needs while continually assessing, reviewing and auditing its procedures and objectives;
- Provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost restraints and that the needs of the end users are fully met;
- Span the whole life cycle of an acquisition, from initial concept to the end of the useful life of an asset, or the end of a service contract;
- Achieve value for money and quality in the acquisition of goods, services and works;
- Ensure that risk is identified, assessed and managed at all stages of the procurement process;

- Use procurement practices and innovative solutions to promote sustainability and best value;
- Can demonstrate that public money has been well spent;
- Are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
- Comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements and Council standards.

1.4 Definitions and Abbreviations

Term	Definition
Act	Local Government Act 1989.
Commercial in Confidence	Information that, if released, may prejudice the business dealings of a party eg, prices, discounts, rebates, profits, methodologies and process information.
Contract Management	The process that ensures both parties to a contract that fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
Council Staff	Includes full-time and part-time Council staff, and temporary employees, contractors and consultants while engaged by the Council.
Probity	Within Local Government, the word "probity" is often used in a general sense to mean "good process." A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
Category Management	A 'category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.
e-Procurement	e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services and works.
Corporate Social Responsibility (CSR)	Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Social Procurement	Social Procurement uses procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.

Tender Process	The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
Expression of Interest (EOI)	An invitation for persons to submit an EOI for the provision of the Goods and/or Services generally set out in the overview of requirements contained in the document. This Invitation is not an offer or a contract.
Request for Proposal (RFP)	A request for proposal is generally sent to the supplier market, designed to capture commercial information and pricing. Allows Council to assess suitability and evaluate responses against a set of pre-defined requirements
Best Value	Best value in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including: <ul style="list-style-type: none"> • contribution to the advancement of the Council's priorities; • non-cost factors such as fitness for purpose, quality, service and support; and • cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

2 Effective Legislative and Policy Compliance and Control

2.1 Ethics and Probity

Requirement

Council's procurement activities shall be performed with integrity and transparency.

2.1a Conduct of Councillors and Council Staff

General

Councillors and Council staff shall at all times conduct themselves in ways that are in accordance with the Governance Code (including Councillor Code of Conduct) or the Employee Code of Conduct.

Any Council staff managing or spending any Council funds is to ensure that Council's Procurement Policy and Procurement Guidelines are adhered to.

All parties shall:

- Treat potential and existing suppliers with equality and fairness, promoting equal opportunity;
- Not seek or receive personal gain;
- Maintain confidentiality of Commercial in Confidence information;
- Present the highest standards of professionalism and probity;
- Deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- Be able to account for all decisions and provide feedback on them.
- Council staff who are responsible for managing or supervising contracts are prohibited from performing any works under the contract they are supervising i.e. staff cannot also work for the supplier or contractor.

2.1b Tender Processes

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

2.1c Conflict of Interest

Councillors and Council staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Councillors and Council staff shall not participate in any action or matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval), where that person has a conflict of interest as specified by the Act.

The onus is on the Councillor and the member of Council staff involved being alert to and promptly declaring an actual or potential conflict of interest to Council.

Responsibility for declaration of conflict of interests also applies to Contractors, including Consultants, engaged to provide advise to Council

For further information, refer to [Conflict of Interest Guides](#)

2.1d Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to submit a tender or quotation. Impartiality must be maintained at all times throughout the procurement process. The commercial interests of existing and potential suppliers must be protected. Confidentiality of all information provided by existing and prospective suppliers must be maintained at all times.

2.1e Accountability and Transparency

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Therefore the processes by which all procurement activities are conducted will be in accordance with Council's procurement policies and procedures as set out in this policy and related council policies and procedures.

Additionally:

- All council staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by Council and provide feedback on them; and
- All procurement activities are to leave an audit trail for monitoring and reporting purposes.

2.1f Gifts, Benefits and Hospitality

In accordance with Council's Employee Code of Conduct Policy, a Councillor or member of Council staff shall not, either directly or indirectly solicit or accept gifts or benefits from any member of the public who is involved, with any matter that is connected with Council's interests.

Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Any gifts must be declared and registered.

Councillors and Council staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and/or not on official business.

Offers of bribes, commissions or other irregular approaches from must be promptly brought to the attention of the CEO in accordance with Council's Fraud and Corruption Control Plan.

2.1g Disclosure of Information

Information received by Council that is Commercial in Confidence must not be disclosed.

Councillors and Council staff are to protect, by refusing to release or discuss the following:

- Allocated council budgets;
- Information disclosed by organisations in tenders, quotation or during tender negotiations; and
- Pre-contract information
- Councillors and Council staff are to avoid references to current or proposed contracts.

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 or on point/s of clarification in relation to Council requirements

At no stage should any discussion be entered into which could have potential contractual implications prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

2.2 Governance

2.2a Structure

Council shall:

- Establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council;
- Ensure that the Council's procurement structure:
 - * is flexible enough to purchase in a timely manner the diverse range of materials, goods, works and services required by Council;
 - * ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
 - * encourages competition; and
 - * ensures that policies that impinge on the purchasing policies and practices are communicated and implemented.

2.2b Standards

Council's procurement activities shall be carried out to the professional standards and in compliance with the:

- The Act;
- Council's policies;
- Council's Employee Code of Conduct;
- Council's Governance Code (including Councillor Code of Conduct);
- Local Government Procurement Best Practice Guidelines;
- Other relevant legislative requirements and Australian Standards

2.2c Methods

Council's standard methods for purchasing shall be by:

- Purchase order under directed quotation thresholds;
- Contract following a tender process and in accordance with S186 of the Act, or
- Using aggregated purchasing arrangements with other Councils, Victorian Government, and commercial schemes such as Procurement Australia, MAV Procurement and other bodies;
- Purchasing card;
- Other arrangements authorised by Council or the CEO on a needs basis as required by abnormal circumstances such as declared emergencies.

Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders.

Typically a multi-stage tender process will commence with a registration/expression of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

Expressions of Interest (EOI) may be appropriate where:

- The requirement is complex, difficult to define or unknown;
- The requirement is capable of several technical solutions;
- Council wishes to consider ahead of formal tender processes such issues as to whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project;
- Tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense;
- It is necessary to pre-qualify suppliers and goods to meet defined standards and
- The requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

Additionally, for highly complex projects the Council may run sequential tenders, the first to solicit solutions, the second to compete to provide the solution selected by Council. Such sequential tenders may or may not be preceded by the registration of interest phase as required by the Council based on the actual needs of the project.

2.2d Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement action.

Council staff must not authorise the expenditure of funds in excess of their financial delegations.

Council staff must not disclose allocated tender budgets to suppliers.

Council funds must be used efficiently and effectively and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

2.3 Procurement Thresholds and Competition

Council procurement processes are based on a number of principles:

2.3a Best Value

The benefits of the purchase are weighted against the costs necessary for the optimum result for Council and local community. Council is not required to accept the lowest tender. Instead, Council is required to take into account issues of quality, cost, the accessibility of the service and other factors relevant to both the overall objectives of the Act.

Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires us to balance quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision as far as is practicable. It follows that the delivery of best value is dependent upon Council priorities.

Achieving best value also requires challenging the need for the procurement and the way in which the service may be reconfigured to achieve improvements in service delivery, comparing service provision options against all those available, consulting with key stakeholders and ensuring competition in the open market.

- Open and Fair Competition
- Accountability
- Risk Management
- Probity and Transparency

2.3b Procurement Thresholds

The type of good or service and dollar value (threshold) of a purchase determines the procurement methodology to be used.

Dollar value should be based on the anticipated aggregated expenditure value over the period of requirements engagement up to a maximum of a three (3) year term.

Refer to the following Procurement Threshold tables.

Goods and Services		
Value (Including GST)	Procurement Methodology	Requirements
Less than \$1,000	Purchase Card or Speed Payment or Purchase Order	
\$1,000 up to \$5,000	Quotations & Purchase Order	Mandatory one (1) or more written quotations.

\$5,000 up to \$20,000	Quotations & Purchase Order	Mandatory two (2) or more written quotations .
\$20,000 up to \$150,000	Quotations & Purchase Order	Mandatory three (3) or more written quotations.
\$150,000 and over	Open Tender & Purchase Order	Procurement opportunity must be publicly advertised and registered on Councils tender website.

Building and Construction		
Value (including GST)	Procurement Methodology	Requirements
\$1,000 up to \$5,000	Quotations & Purchase Order	Mandatory one (1) or more written quotations.
\$5,000 up to \$20,000	Quotations & Purchase Order	Mandatory two (2) or more written quotations.
\$20,000 up to \$200,000	Quotations & Purchase Order	Mandatory three (3) or more written quotations.
\$200,000 and over	Open Tender & Purchase Order	Procurement opportunity must be publicly advertised and registered on Councils tender website.

Should it be considered that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for Council, public tenders may be called for purchase of goods, services and works for which the estimated expenditure is below the above stated thresholds.

Request for quotations may be publicly advertised and registered on the Council tender website at the council staff member's discretion.

2.3c Exemptions to Procurement Thresholds Requirements

Council may purchase or enter into a contract without first undertaking a public tender or obtaining minimum quotation requirements in some circumstances. These are:

- Where Council has resolved that the contract must be entered into because of an declared emergency;
- Where an Agency Contract exists, that has complied with the Act and the agent is acting on behalf of the Council. The agent may be another Council or a third party agent (eg. local government group purchasing scheme);
- Where the contract is entered into accordance with arrangements approved by the Minister where Council must demonstrate to the Minister for Local Government that it is not a viable option to undertake a public tender;
- Where the purchasing category type has been exempted. List of exempt purchasing category types is defined and approved by Finance Management. At this time only contracts for legal services have been exempted;
- Novated contracts where the initial contract was entered into in compliance with the Act and, due diligence has been undertaken in respect to the new party.
- Where the required goods or services are highly specialised and limited contractors or suppliers are capable of providing required solution.

Where a quotation/price has been obtained from a supplier under a Standing Offer Arrangement or under an aggregated purchasing arrangement, then it is optional whether to seek other quotations, as the purchase has already been subjected to a public tendering process.

2.3d Purchase Order Exemptions

Any purchases with a value below \$1000 AUD (ex GST) do not require a purchase order. This is subject to supplier requirements.

Purchase Order exemptions are also applied for a selection of categories of supplies and invoice payment as listed below:

Accounting Code	Cost Description
131	Legal Fees
1023	Prosecution Expenses
1071	Electricity
1072	Gas
1073	Water
1080	Postage - Other
1087	Subscription renewals
1089	Membership renewals
6017	Insurance excess
6019	Insurance-Public Liability
6020	Insurance-Industrial Special
6025	Australia Post Fees
6028	Lease Payments
6263	VCAT

- Rates and permits refunds
- In the event of a declared emergency

2.3e Purchase Card

A purchase card facility is in operation throughout Council to facilitate the purchase of goods and services for low value purchases. Procedures and guidelines surrounding the application, use of purchase cards and the responsibilities of staff is located on Councils Intranet.

2.4 Delegation of Authority

2.4a Requirement

Delegations define the limitations within which council staff are permitted to work. Delegation of procurement authority allows specified council staff to undertake certain purchases, quotation, tender and contractual processes without prior referral to the Council.

2.4b Delegations

Council Staff

Council maintains a register of Instrument of Delegation Authorisations and Appointments which lists authorised sub-delegation of financial limits and identifies council officer positions authorised to make such procurement commitments in respect of goods, services and works on behalf of Council:

- Authorise expenditure (including invoices) and award contracts (based on anticipated expenditure level);
- Contract term extensions and variations (within authorised budget);
- Sign and issue Council purchase orders;
- Purchase card use.

2.4c Council Delegations and Powers

Commitments and processes which exceed the CEO's delegation and which must be approved by Council are:

- Tender recommendations;
- Initial awarding, signing and sealing of contract documents;
- Contract term extensions not covered by the initial council report.

2.5 Internal Controls

Management will introduce and maintain a framework of internal controls and segregation of duties over procurement processes that will endeavour to ensure:

- That more than one person is involved in and responsible for a transaction;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented;
- Systems are in place for appropriate monitoring and performance measurement; and
- Members of staff, regardless of their expenditure delegation cannot approve expenditure where they are the beneficiary of the services provided.

2.6 Risk Management

2.6a General

Risk management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods services and works and, to mitigate Council's exposure to the risks associated with the procurement activity.

Procurement risk factors include, but are not limited to, fraud, waste, abuse, vendor performance, contract security, poor specification of need, public relations and administrative burden.

All staff have a responsibility to manage risk associated with procurement.

2.6b Supply by Contract

The procurement of goods, services and works by contract potentially exposes Council to risk. Council will minimise its risk exposure by measures such as:

- Standardising contracts to include current, relevant clauses and specific requirements (such as relevant insurances, Job Safety and Environmental Analysis', preference for suppliers with accredited management systems, etc.);
- Requiring security deposits where appropriate;
- Ensuring specifications include:
 - Contract objectives;
 - Scope;
 - Location of services or works;
 - Statement of requirements;
 - Outputs;
 - performance measures;
 - targets;
 - management of contract; and
 - quality requirements.

- Council officers preparing specifications/briefs are appropriately trained or, referring specifications/briefs to relevant experts;
- Requiring contractual agreement before allowing the commencement of work;
- Use of or reference to relevant Australian Standards (or equivalent); and
- Effectively managing the contract including monitoring and enforcing performance.

2.7 Contract Terms

All contractual relationships (either under purchase order or contract) must be documented in writing based on standard terms and conditions.

To protect the best interests of Council, terms and conditions must be settled in advance of any commitment being made with a supplier.

Where this is not possible, approval must be obtained from an appropriate/authorised member of council staff. A request for such an approval should be supported with procurement and legal advice as relevant.

2.8 Endorsement

Council staff must not commercially endorse any products or services. Individual requests received for endorsement must be referred to General Manager level or above.

2.9 Dispute Resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes getting out of hand and leading to legal action.

2.10 Category Management

Council has a category management approach to procurement which brings together expertise from across Council to identify the most appropriate and effective approach to deliver Council's outcomes through sourcing and supply arrangements.

The main objective of category management is to reach a point where all or a very high percentage of Council's spend within a category is being channelled through approved arrangements.

2.11 Contract Management

The purpose of contract management is to ensure that Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality, quantity and timeliness as intended by the contract by:

- Establishing a system for monitoring and achieving the responsibilities and obligations for both parties under the contract; and
- Providing a means for the early recognition of issues and performance problems and the identification of solutions; and
- Adhering to Council's risk management framework and to relevant Occupational Health and Safety compliance procedures.

Furthermore, all Council contracts are to be proactively managed and documented by a qualified/trained member of Council staff, responsible for the delivery of the contracted goods, services or works to ensure the Council receives best value for money.

All attempts will be made to ensure staff have the necessary qualifications and training to manage the contract effectively.

3 Demonstrate Sustained Value

3.1 Achieving Best Value

3.1a Requirement

Council's procurement activities will be carried out primarily on the basis of obtaining best value.

This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinant of best value.

3.1b Approach

This will be facilitated by:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the life cycle;
- Effective use of competition;
- Identifying supplier aggregate spend over a rolling three-year period so as to enable Council to proceed to entering into aggregated contracts for the services provided;
- Using aggregated contracts and Standing Offer Arrangements where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing a cost efficient tender process including appropriate use of e-tendering solutions;
- Council staff responsible for providing procurement services or assistance within Council providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

3.1c Role of Specifications/Briefs and Drawings

Specifications/briefs and drawings used in quotations, tenders and contracts are to support and contribute to Council's Best Value objectives through being written in a manner that:

- Ensures impartiality and objectivity;
- Clearly defines Council's requirements;
- Encourages the use of standard products;
- Encourages sustainability; and
- Eliminates unnecessarily stringent requirements.

3.2 Performance Measure and Continuous Improvement

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

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

The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance;
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers; and
- Facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

3.3 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate Council's commitment to the local community and environment on which it impacts. This means Council maximising the benefits of the services they provide across the community and minimising the negative aspects of their activities.

3.3a Social Procurement

Social procurement generates positive outcomes by building on initiatives already undertaken by Council in enhancing sustainable procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of Council.

Council is committed to social procurement by:

- Ensuring all procurement practices are sustainable and aligned with the wider Council objectives.
- Achieving best value across the community through the use of effective procurement.
- Ensuring all businesses have the same opportunity to tender for council contracts.
- Enhancing partnerships with other councils, suppliers and community stakeholders.
- Building and maintaining a strong community by exploring ways to generate local employment and further strengthening the local economy.
- In individual circumstances considering purchasing ethical and fair trade goods to support equitable, local, national and international trade.

3.3b Sustainable Procurement

Council is committed to adopting a green procurement approach by supporting the principles of sustainable procurement within the context of purchasing on a value-for-money basis. Council has environmental purchasing guidelines that assist with the acquisition of sustainable products.

Value-for-money purchasing decisions made by Council are made on the basis of whole-of-life cost and non-cost factors, including contribution to Council's sustainability objectives.

Council prefers to purchase environmentally preferred products whenever they achieve the same function and value for money outcomes.

In accordance with Council's Environmental Purchasing Guidelines Council will therefore consider the following environmentally sustainability criteria in context with the above:

- Reduce, Reuse, and Recycle. Council is committed to reducing resource, consumption and minimising waste during the procurement life cycle, including:
 - Council shall encourage and prefer eco-friendly products which are more energy efficient;
 - Council prefers to purchase from sources which offer environmentally friendly products;
 - Council's procurement projects should automatically consider the provision of re-use and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.
- Buy Recycled: Council is committed to buying recycled/part recycled products where practical to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to the landfill.
- Green the Supply Chain: Council shall encourage its suppliers to adopt good environmental practices. Council will actively promote green procurement throughout its supply chain and

ensure that the evaluation/selection process is cognisant of the need to minimise environmental impact.

3.4 Support of Local Business

Subject to purchases being justified on quality and cost efficient grounds, Council is committed to:

- Buying from local business; and
- Giving preference wherever practicable to purchase goods, machinery or material manufactured or produced in Australia or New Zealand as required under the Act.

4 Apply a Consistent and Standard Approach

Council will provide effective and efficient commercial arrangements for the procurement of goods and services.

4.1 Standard Processes

Council will provide effective commercial arrangements covering standard products and standard service provisions across the Council via a Contracted Supplier List to enable employees to source requirements in an efficient manner.

This will be achieved by establishing the following:

- Pricing where relevant;
- Processes, procedures and techniques;
- Tools and business systems;
- Reporting requirements;
- Application of standard contract terms and conditions.

4.2 Performance Indicators

A list of performance indicators will be used to measure procurement performance and initiatives. They will include criteria such as :

- The proportion of spend against corporate contracts;
- User and supplier satisfaction levels;
- Knowledge and skill of council employees in procurement policies; and
- Measuring the success of procurement activities.

4.3 Management Information

Council will capture procurement management information in a variety of areas, such as:

- Volume of spend;
- Number of transactions per supplier;
- Supplier performance and user satisfaction; and
- Category management (grouping of purchases by spend categories).

Council will also use external sources of management information to assist with the procurement decision making process including:

- Benchmarking data;
- Information from professional bodies; and

- Supplier reports.

5 Build and Maintain Supply Relationships

Council recognises that in order to achieve sustainable value, a strategic assessment of the appropriate 'channel to market' should be undertaken - whether to go the market on its own, participate in regional or sector reporting projects, to access State Government panel agreements, or other means. Council will consider supply arrangements that deliver the best value outcomes for council in terms of time, cost, value and outcome.

5.1 Developing and Managing Suppliers

Council recognises the importance of effective and open working relationships with its suppliers, and is committed to the following:

- Managing existing suppliers',
- Maintaining approved/contracted supplier lists; and
- Developing new suppliers and improving the capability of existing suppliers where appropriate.

5.2 Relationship Management

Council is committed to developing constructive long-term relationships with suppliers. It is important that Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- Size of spend across Council;
- Criticality of goods / services to the delivery of Council's services;
- Availability of substitutes;
- Limitation relating to market share or strategic suppliers.

5.3 Communication

External communication is very important in ensuring a healthy interest from potential suppliers and partners to Council.

The external website will provide:

- A list of existing and forthcoming contract opportunities;
- Guidelines for tendering and doing business with Council;
- Links to tender documentation available to prospective suppliers to download free of charge; and
- Council's current Procurement Policy.

6 Continual Improvement

Council is committed to continuous improvement and will review the procurement policy on an annual basis.

7 Policy Contact Details

The Manager Finance, Nillumbik Shire Council is the contact for this Policy.

For further information on the policy, please contact via email at Nillumbik@nillumbik.vic.gov.au

Loan Guarantee Policy 2017

April 2017, Version 1.0

Contents

1. PURPOSE.....	2
2. DEFINITIONS	2
3. APPLICATIONS	2
4. CONSIDERATION OF REQUESTS	2
5. FAILURE TO REPAY.....	3
6. REVIEW OF POLICY	3
APPENDIX A: LOAN GUARANTEE APPLICATION FORM	4
APPENDIX B: INFORMATION TO BE PROVIDED WITH THE APPLICATION	6

Loan Guarantee Policy

1. Purpose

To provide guidelines for the consideration of requests for loan guarantees to be provided by Council.

2. Definitions

As Guarantor, Council would be responsible for the repayment of the outstanding balance should the organisation default on the loan.

A Guarantee is the legal agreement between the organisation, Council and the financial institution providing the loan to the organisation that sets the terms and conditions of Council's guarantee for the loan, as well as the procedures to be followed should a default on the loan be imminent or occur.

A Contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event.

3. Applications

Requests for financial assistance in the form of a loan guarantee should be forwarded by the organisation to Council.

A loan guarantee can only be approved by Council resolution.

Council may set a maximum limit of outstanding loan guarantees, in order to ensure that Council does not have excessive potential liabilities.

All applications will be treated confidentially.

Applicants will be required to submit the attached form, along with supporting documentation, prior to consideration of the request.

4. Consideration of request

All requests for funding will be considered by the Manager Finance to establish that, based on the information provided, the organisation is likely to be able to repay the loan within the set period.

- 4.1 The loan will need to be from a bank, building society or credit union, for a maximum term not exceeding the life of the asset. If a longer term exceeding the life of the asset is required the organisation must provide justification, with supporting documentation. Organisations will be encouraged to take out loans for a term which they are capable of servicing, which may not necessarily be to the maximum term.
- 4.2 Organisations are responsible for arranging their own finance.
- 4.3 The organisation should have at least twenty percent of the funds required already on hand, which have been raised through its own sources.
- 4.4 Funds are to be utilised for works on a Council asset or an asset situated on Council property.
- 4.5 Project proposals should demonstrate a wider community benefit that extends beyond those benefits to be gained by the applicant.

4.6 In addition to the organisation's financial viability, consideration should also be given to factors such as:

- the purpose of the expenditure;
- the extent to which the organisation has benefited from previous Council grants or loans. Where an organisation has previously received a loan guarantee, its repayment performance should be reviewed; and
- whether the organisation is meeting part of the required expenditure from its own funds.

4.7 The organisation will need to provide written documentation that a financial institution has undertaken a credit assessment and approved a loan over a loan period agreed by Council.

4.8 Each year the organisation must forward Council a copy of its audited financial statements in order for Council to monitor progress against the loan and the financial position of the organisation.

5 Failure to repay

In the event that the organisation does not meet its financial obligations, and the Council is called to account for the loan guarantee, then the tenancy of the organisation of the Council's property will be reviewed.

6 Review of Policy and Strategy

This policy will be reviewed every four years or as required in the event of legislative changes. The Audit Committee or Council may initiate review outside this cycle.

NILLUMBIK SHIRE COUNCIL

LOAN GUARANTEE APPLICATION FORM

This form must be forwarded to the Manager Finance, together with all supporting documentation required, per the attached information checklist.

NAME OF ORGANISATION

ABN

POSTAL ADDRESS

CONTACT NAME

POSITION HELD WITHIN ORGANISATION

PHONE NUMBER

EMAIL ADDRESS

NAME OF PROJECT FOR WHICH GUARANTEE IS SOUGHT

LOAN AMOUNT

LOAN TERM

APPLICABLE INTEREST RATE (%)

FIXED OR VARIABLE LOAN

PROJECT OVERVIEW

TOTAL PROJECT COST

FUNDED BY:

Cash contributions	<input type="text"/>
Loans	<input type="text"/>
Government grants	<input type="text"/>
In-kind contributions	<input type="text"/>
Other (give details)	<input type="text"/>
Other (give details)	<input type="text"/>
Total project funding	<input type="text"/>

APPLICANT DECLARATION

I, _____, hereby certify that:

I have the appropriate power/delegation to submit the Loan Guarantee Application on behalf of: _____ ; and

- the organisation has read, and understands the requirements of the Loan Guarantee Policy;
- that should Council agree to be Guarantor, we will pay all fees and charges relating to the Loan Guarantee; and
- the information which forms part of this application is true and correct.

Signature of representative _____

Name _____

Date _____

Signature of witness _____

Name _____

Date _____

INFORMATION TO BE PROVIDED WITH THIS APPLICATION

The following information must be provided to Council with the Loan Guarantee Application Form. Incomplete applications will not be processed.

- Signed and witnessed Loan Guarantee Application Form.
- A written submission outlining how the project creates demonstrable benefit to the broader community and how the project aligns with the Council Plan and other Council Policies.
- An outline of the organisation's attempts to secure funding from alternative sources.
- Independently audited financial statements for the previous three (3) years.
- Cash flow projections for the guarantee term demonstrating there is capacity for the organisation to meet all loan repayments.