

# Social and Sustainable Procurement Policy

## 1. Purpose

- 1.1. To provide social and sustainable procurement principles that underpin AlburyCity's approach to procurement with elements that guide Council's spending of public funds in ways that meet community expectations, protect and enhance local spaces, and support the local economy.

## 2. Scope

- 2.1. This Policy applies to Councillors and Council Officers participating in the procurement of projects, goods and services on behalf of AlburyCity.

## 3. Delegation Of Authority

- 3.1. Authority for implementation of the Procurement Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 1993*. The Chief Executive Officer may in turn delegate the day-to-day management of Council's procurement activities to Council Officers or Senior staff, subject to regular reviews.
- 3.2. Any such delegated authority is to be recorded and each delegate is required to confirm that they have received copies of the Procurement Policy and Procedure documents and that these documents have been read and understood.

## 4. Definitions

- 4.1. **Procurement:** Is the process describing how Council manages the acquisition and purchase of resources responsibly and transparently, through commercial arrangements to enable and deliver strategic and operational outcomes.
- 4.2. The procurement of goods and services enable Council to provide essential services, projects and infrastructure to serve and benefit the local community. Procurement can take many forms including the acquisition of consumables, materials and equipment, real property; built assets such roads and major facilities; and services like facility maintenance, city cleaning and security, consultancy, specialist and professional services.
- 4.3. **Procurement Lifecycle:** Is a set of repeatable processes, scalable to all procurements in considering investment value (total costs), levels of complexity and risk, incorporating a range of elements and activities like:

- Planning and Needs Analysis
  - Sourcing and Market Interactions
  - Evaluation of Bids and Offers
  - Supplier Engagement and Management
  - Contract Management, Measurement and Monitoring
  - Review and analysis of Procurement Outcomes
- 4.4. **Social and Sustainable Procurement Policy:** documents the alignment of procurement activities to the achievement of social and sustainable strategic objectives and targets set by Council.
- 4.5. Directs spending towards Suppliers, Products and Services that demonstrate value for money and generate positive impacts across the community whilst considering Social, Environmental, Economic, Leadership and Governance factors locally and broadly.
- 4.6. **Fair Trade:** defines a trading relationship, based on dialogue, transparency and respect, that seeks greater equity. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers.
- 4.7. **Modern slavery:** is the term used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom and basic human rights. This may include exploitation such as slavery, servitude, forced labour, deceptive recruiting for labour or services, forced marriage, human trafficking, debt bondage, and the slavery, servitude or forced labour of a child.
- 4.8. **Unauthorised communication/lobbying:** is defined to include seeking to influence, seeking to obtain the support and/or assistance of Councillors or Council employees or urging and/or persuading Councillors or Council employees to do something or take a particular action in relation to the relevant procurement.
- 4.9. **Greenwashing:** is defined as the practice of making false, misleading and/or deceptive claims about the environmental and social impacts and practices of a company and/or the attributes of its goods and services.

## 5. References

### 5.1. Relevant Legislation

- Local Government Act 1993 particularly Section 55, Section 10A, Section 12.
- Local Government (General) Regulation 2005.
- Relevant Australian Standards.
- Local Government Amendment (Public Private Partnership) Act 2004 and the Public Private Partnerships
- Office of Local Government Tendering Guidelines for NSW Local Government.
- Government Information (Public Access) Act 2009.
- Competition and Consumer Act 2010 (Cth) and the Fair Trading Act 1987 (NSW)

- Privacy and Personal Information Protection Act 1998.
- State Records Act 1998.
- Protection of the Environment Operations Act 1997.
- Building and Construction Security of Payments Act 1999 (NSW)
- Modern Slavery Act 2018.
- Plastics and Circular Economy Act 2021 (NSW).

## 5.2. Other Relevant Council Policies & Documents

- Statement of Business Ethics.
- ISO 20400 Sustainable Procurement (guidance).
- Local Government NSW Sustainable Procurement Guide.
- National Packaging Targets.
- Work Health and Safety Policy.
- Work Health and Safety Guidelines for Contractors.
- Procurement Manual.
- Supplier Fact Sheet.
- Delegations of Authority.
- Risk Management Policy.
- Corporate Credit Card Policy.
- Corruption Control Policy.
- Code of Conduct.
- Internal Reporting – Public Interest Disclosure Policy.
- AlburyCity Waste Management Strategy.

## 6. Content

### 6.1 Policy Statement

- 6.1.1 AlburyCity is committed to the principles of social and sustainable procurement, ensuring procurements demonstrate value for money, generate positive impacts considering Social, Environmental, Economic, Leadership and Governance factors locally and broadly, in serving its community with excellence.

## 7. Objectives

- 7.1 The objectives of this policy are to ensure that Albury City Council, it's Councillors and Officers, conduct procurement activities no matter how large or small, effectively and ethically based on sound principles and practices.
- 7.2 Council's procurement activities are to benefit the community for which it serves, stand up to stakeholder scrutiny, satisfy legislative requirements and contribute to positive community outcomes.
- 7.3 Social and sustainable procurement practices enable and encompass:

- Efficient and effective operations
- Value for money and whole of life considerations
- Social sustainability and inclusivity
- Sustainable environmental outcomes, considering impact
- Corporate and Public risk management
- Legislative compliance
- Governance - probity, transparency, and ethical behaviour
- Industrial relations and respect for human rights
- Continuous improvement and innovation
- Effective Contract Management

7.4 The diagram below depicts Council's commitment to consideration of these principles during the procurement process to strive towards being an effective and ethical Council.



## 8 Roles and Responsibilities

- 8.1 The elected Council is responsible for determining the outcome of all tender evaluations other than those conducted through a Prescribed Agency or delegated to the Chief Executive Officer.
- 8.2 Purchases conducted through a Prescribed Agency are to be authorised by Council Officers in the positions of Chief Executive Officer or Deputy CEO.
- 8.3 Designated Council Officers are responsible for approving purchases in accordance with the Delegations of Authority. All staff involved in procurement processes are to comply with this Policy and Council's Procurement Manual.
- 8.4 Service Leaders and Deputy CEOs are to ensure that employees involved in procurement activities have received appropriate instruction and training.

## 9. Procurement Principles

9.1 Council has developed the principles below which align with the ISO 20400 Sustainable Procurement Guideline (<https://www.iso20400.org/about-iso20400-org/>), and the Local Government NSW Sustainable Procurement Guide of 2017 to support a quadruple bottom line approach to achieving positive social, environmental, economic and civic leadership outcomes.

### 9.2 **Efficient and effective operations**

9.2.1 The procurement process must be undertaken in a consistent, robust and business-like manner, leading to improved industry performance, fit for purpose outcomes, fostering business relationships and cost-effective methods of doing business for AlburyCity.

9.2.2 The procurement process will include all procurement lifecycle activities scaled to the level of investment, risk and complexity of the purchase and Council's operational needs.

### 9.3 **Value for money and whole of life considerations**

9.3.1 AlburyCity's procurement activities are to achieve best value for money and encourage competition within an appropriate risk management framework. Value for money does not imply that the lowest price should be the deciding factor, as this must be balanced with other criteria such as:

- Quantitative whole-of-life costing incorporating manufacturing, supply and installation, operations, maintenance, re-use, end of life financial considerations.
- Degree of conformity with specified requirements, compliance standards including Council resolutions.
- Qualitative aspects, including known and past performance history, capacity and availability of resources, capabilities and expertise in consideration of fit for purpose, methodology and program delivery, and benefits to the local region.
- Return on Investment (both tangible in form of savings and intangible in form of other benefits).
- Alignment to Council's Financial, Social and Sustainability targets.

9.3.2 The degree of detail with which procurement is performed depends on the value, complexity and sensitivity of the goods and services being purchased.

### 9.4 **Social sustainability and inclusivity**

9.4.1 Council is committed to being inclusive, generating social value through procurement and purchasing processes to maximise opportunities and benefits for the people and stakeholders that it serves.

9.4.2 Council will preference local suppliers, organisations that provide meaningful work for people with disabilities, seek to engage indigenous and first nations suppliers, people

and organisations that come from or support minority or disadvantaged communities where possible, where other factors are equal, reasonable, and comparative with market rates offered.

#### 9.5 *Benefit to the local region*

9.5.1 AlburyCity is committed to spending in the community where it serves, supporting local businesses where purchases are justified on value for money grounds, while remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements.

9.5.2 A weighting percentage of 10% will be assigned to the evaluation criteria element of “benefit to the Albury Wodonga region” for tenders and substantive quotations. AlburyCity will examine aspects like where the supplier has a local business presence, the percentage of and potential to increase local employment, percentage of materials, plant and equipment sourced and used locally and what other social impacts the business can address and offer the local community.

#### 9.6 *Fair Trade*

9.6.1 Council supports the principles relating to Fair Trade, when making a purchasing decision the below principles shall be considered:

- Creating opportunities for economically disadvantaged producers
- Transparency and accountability in engaging business
- Fair trading practices
- Fair Payment
- No engagement of forced labour and unfair working conditions
- Non-discrimination and Social equality
- Capacity and Capability building
- Respect for the environment
- Promote Fair trading, use of fair trade certified products

### 10. **Sustainable environmental outcomes, considering impact**

10.1 Council will ensure that procurement and purchasing decisions incorporate the principles of environmental sustainability. Council will aim to buy products or services that have less impact on the environment compared with competing products or services that serve the same purpose.

10.2 Procurement decisions aim to support and mirror Council’s resolutions on sustainability including goals and targets relating to Halve Waste, the abolishment of single use plastics, climate change and carbon emissions. Environmental procurement practices result in numerous benefits, including but not limited to:

- improving efficiency of resource use and reuse
- landfill diversion, reduced waste and pollution
- encouraging biodiversity and habitat protection

- provision of markets for environmentally preferable products
  - increasing recycling and support to make recycling activities more viable
  - socially just and environmentally sustainable supply chains
  - encouraging adoption of cleaner technologies
  - encouraging industries to produce products with lower environmental impact with whole of life, circular economy, ethical disposal, or reuse options
  - Carbon mitigation and/or abatement
  - resilience to a changing climate
- 10.3 By giving preference to sustainable products and services, Council aims to encourage suppliers and contractors to adopt cleaner technologies and practices and produce products with lower environmental impacts. This means that Council will preference and recognise where other factors are equal or comparable, suppliers who:
- offer products and services with lower environmental impacts
  - reduce their direct and indirect carbon emissions
  - consider how their products and services may present future impacts, and provide mitigation and environmental strategies
  - implement good environmental management and sustainability practices
- 10.4 Products and Services are to be compared using (where available) appropriate standards, labels and certifications to avoid 'greenwashing', where sustainability practices are claimed by suppliers and manufactures which are not necessarily authentic and may be misleading.
- 10.5 This will apply to services and products procured by Council via public tenders and substantive quotations.

## **11. Corporate and public risk management**

- 11.1 Risk may be defined as the probability of the occurrence of an incident or event that could cause a degree of harm to the public or the organisation in terms of economic loss, property, people, reputation or the environment over a specified period.
- 11.2 When initiating a purchase, consideration must be given to the identification of unacceptable risks and either the elimination of the risk, or management of the risk to an acceptable level under AlburyCity's risk management framework.
- 11.3 Goods and services acquired by AlburyCity are to meet relevant Australian Standards as appropriate.

## **12. Legislative compliance**

- 12.1 The Local Government Act 1993 and the Local Government (General) Regulation 2005 provide the main legislative framework for AlburyCity to procure goods and services.

- 12.2 If in accordance with the Act, Council is obliged to invite tenders for a contract with expenditure equal to or in excess of the tender threshold, the accompanying Regulation sets out the procedural requirements for the tender, including choice of tendering methods.
- 12.3 Purchases conducted through a “Prescribed Agency” (State Government Departments, Administrative Services of the Commonwealth, Local Government Procurement and Procurement Australia) are exempt from general tendering requirements under Section 55(3) of the Act.

### **13. Governance - Probity, transparency and ethical behaviour**

- 13.1 AlburyCity manages its procurement activities in an honest, open, transparent and accountable manner that is fair, ethical and impartial, that deals with conflicts of interest and adheres to confidentiality provisions where appropriate.
- 13.2 Procurement activities including tenders must be conducted in accordance with the Act, Regulations, the Tendering Guidelines for NSW Local Government and AlburyCity's Procurement Manual.
- 13.3 At all times the procurement process shall be transparent, visible and verifiable, and confirm the integrity of the procurement process.
- 13.4 Procurement activities such as obtaining quotations, tendering and the assessment and selection of suppliers shall be conducted in accordance with this Policy and associated Procedures and be well documented.
- 13.5 The procurement process must be able to withstand public scrutiny. All persons invited to quote or tender for Council business shall be given equal information, and the information they provide to Council shall be treated as confidential and restricted to persons specifically involved in the purchase.
- 13.6 Council employees must behave with strong moral principles, demonstrating probity, honesty and decency in all dealings.
- 13.7 All employees that are involved in the procurement of goods and services on behalf of Council are to be provided training in order to ensure they have a sufficient level of awareness of the tasks concerned.

#### **13.8 *Authority to Procure***

- 13.8.1 Approval for the procurement of goods and services for, or on behalf of Council, can only be undertaken by duly authorised officers of Council. This approval will be by way of delegated authority from the Chief Executive Officer, as per the Delegations Register.

- 13.8.2 The financial delegations of Council will be reviewed periodically as required.



### 13.9 *Conflicts of Interest*

- 13.9.1 Council employees have an obligation to disclose potential or actual conflict of interests. Any declared potential, actual or perceived conflict of interest in the procurement process or management of a contract must be reviewed by the appropriate Service Leader. Employees and advisors may be removed from involvement in the relevant procurement process or management of the contract.

### 13.10 *Breach of Policy*

- 13.10.1 Failure to comply may lead to disciplinary action in line with AlburyCity's policies and procedures.

### 13.11 *Records Management*

- 13.11.1 Appropriate records in relation to contracts must be kept and maintained in accordance with the State Records Act 1998 and Council policies, procedures and guidelines. Authority to execute contracts is provided in Council's Delegation Register.

### 13.12 *Statement of Business Ethics*

- 13.12.1 AlburyCity is proud to be a professional, friendly and ethical organisation. Council provides an enormous number of services, and our community expects high ethical standards in our provision of those services and in everything we do. How we manage our relationships with business is key to maintaining the community's trust and confidence.
- 13.12.2 The Statement of Business Ethics outlines encouraged, expected, and prohibited behaviors by suppliers and contractors when conducting business with Council. Suppliers and contractors must take reasonable steps to ensure all employees understand, apply and support the ethical framework in which Council operates.
- 13.12.3 The complete Statement of Business Ethics is a public document and available on Council's website.

### 13.13 *Code of Conduct*

- 13.13.1 The community rightly expects Council to conduct its business with efficiency, impartiality and integrity. This requires that all Council Officers perform their duties at the highest standard and that there not be, nor or seem to be, any conflict between private interests and Council's responsibilities to the community.
- 13.13.2 Employees involved in undertaking any procurement activity must:
- Perform their duties professionally, objectively and with integrity

- Serve the Council efficiently and effectively
- Maintain the confidentiality of information received from their clients and suppliers
- Observe the principal of equity in all activities, and
- Avoid real or apparent conflicts of interest.

#### 13.14 *Reporting Corrupt Behaviour*

13.14.1 The Independent Commission Against Corruption (ICAC) has been established to protect the public interest, prevent breaches of public trust and guide the conduct of public officials.

13.14.2 If a Public Officer suspects corruption, they can either report the corruption via Councils internal reporting system (Governance - Public Information Officer) or alternatively report direct to the ICAC.

#### 13.15 *Unauthorised Communication or Lobbying*

13.15.1 AlburyCity's suppliers, tenderers, contractors, consultants and partners, their employees and subcontractors are expected to not lobby or canvass Councillors or Council employees during a tender or quotation process as it is unethical and inappropriate and may be illegal.

13.15.2 Unauthorised communication or lobbying, breaches of the Statement of Business Ethics and demonstration of dishonourable conduct may lead to:

- tenders being excluded from consideration;
- matters being referred for investigation;
- contracts being cancelled;
- firms or individuals being excluded from participating in future business opportunities with Council.

### 14. **Industrial relations and respect for human rights**

14.1 Council will do business with suppliers who display a commitment to sound employee and industrial relations policies.

14.2 A key element in achieving this position is encouraging contractors and suppliers to demonstrate their commitment to sound employee and industrial relations practices when assessing them as suitable suppliers or contractors to Council.

#### 14.3 *Modern Slavery*

14.3.1 Effective from 1 July 2022, under the Commonwealth Modern Slavery Act 2018, NSW Government agencies are required to identify and report on modern slavery

risks in their operations and supply chains, including in relation to their procurement of goods and services.

14.3.2 Council will take reasonable steps to ensure that goods and services procured for or by its employees are not products of modern slavery.

14.3.3 Council documentation will include a statement of compliance with industrial relations practices as well as provision to detail actions undertaken by suppliers to ensure modern slavery is not occurring within supply chains. Suppliers are to demonstrate that they are paying workers fairly and that working conditions are legal/acceptable and are to provide information of where and how products are sourced.

## **15. Continuous improvement and innovation**

15.1 Council will work towards continually improving its procurement processes and practices, improve outcomes and minimise or avoid detrimental impacts while seeking ways to engage innovative outcomes. Self-assessment and review of procurement outcomes is key to identifying lessons learnt and opportunities for innovation and improvement.

15.2 AlburyCity takes its leadership role with great responsibility and will encourage its contractors, suppliers, partners and supply chain participants to do the same.

## **16. Effective Contract Management**

16.1 A key phase in the Procurement Lifecycle is Contract Management. Council is responsible for the monitoring and management of a diverse range of contracts including service, supply, civil works, building and construction. To effectively manage these contracts and work collaboratively with its Suppliers, Council employees are to follow key principles of effective contract management:

- Contracts are to be administered in accordance with Council's policies and procedures, local government regulations and relevant NSW State and Commonwealth legislation.
- A Contract Management Plan is to be developed prior to the commencement of the contract in accordance to scale, risk, reporting requirements and value.
- Initiate, Start-up and ongoing review meetings addressing the key objectives and deliverables of the contract are to be held regularly and documented with the contractor.
- Contracts are to be managed through effective communication and open and collaborative business relationships.
- Contracts must be monitored regularly, including assessment of risk and performance assessed against Performance Measures.
- Contract variations must be managed in accordance with the conditions of the contract and Council's Procurement Manual.

## 17. Documentation

17.1 This policy is supported by the AlburyCity Procurement Manual.

## 18. Authorisation

<b>Owner</b>	<b>Directorate</b>	Business, Growth & Community
	<b>Responsible Officer</b>	Team Leader Procurement Services
<b>Authorisation</b>	Updates and Adopted Council June 2022	
<b>Review Date</b>	June 2026	
<b>Register</b>	This policy is included in the Policy and Procedure Register.	
<b>Record of Amendments</b>	June 2006	This Policy replaced the previous Purchasing & Tendering Policy adopted in May 2005. Minor amendments made to Key Principles to enable compliance with changed legislation.
	April 2009	Updated
	May 2011	Revised
	April 2012	Revised
	December 2016	Revised
	March 2017	Revised
	June 2022	Updated content and inclusion of relevant legislation, renamed to Social & Sustainable Procurement Policy.
<b>TRIM</b>	DOC22/125025	