



## Sustainable procurement

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<b>Strategy</b>	5.2.1 Operate in a financially responsible and sustainable manner

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## 1. Purpose

The Sustainable Procurement Policy covers all activities associated with the purchase of goods and services by Clarence Valley Council. The intent of this Policy is to provide a purchasing framework that will advance the sustainable use of resources, reduce the impacts on the environment and promote positive local, social and economic outcomes. It is to be applied in conjunction with the Sustainable Purchasing and Tendering Procedures and the Disposal of Council Assets Policy.

## 2. Definitions

**Local Supplier** – is defined as a supplier operating within the boundaries of Clarence Valley Council.

## 3. Background/legislative requirements

Clarence Valley Council is committed to implementing best practice procurement procedures and complying with legislative requirements. We also care about social, economic and environmental sustainability for our Valley and focus on delivering positive outcomes for our communities. Criteria in the evaluation process are to be formalised to ensure that preference is given for economic, social and environmental considerations included in proposals. We are therefore committed to ensuring that our procurement processes contribute to our understanding and management of the impacts of our operations.

We recognise that improving our performance is an ongoing process and that our suppliers, both large and small, are important partners in achieving our goals. Through this Policy, Clarence Valley Council wishes to support suppliers that demonstrate a commitment to providing goods and services that are high quality, competitive and sustainable.

This Policy incorporates continuous improvement in procurement and current sustainability concepts.

In purchasing goods and services Council must comply with the Local Government Act 1993, the Competition & Consumer Act 2010, the Local Government (General) Regulation 2005, the Tendering Guidelines for NSW Local Government, the Workplace Health and Safety Act and Council's Code of Conduct and Council's Statement of Business Ethics.

## 4. Policy statement

We will ensure value for money through a balanced whole-of-life evaluation that includes consideration of financial, social, ethical, local economic and environmental factors. To deliver on our commitment to procurement that meets operational requirements and achieves the highest commercial and sustainability outcomes, it is Council's policy to:

- Comply with applicable laws and documentation.
- Avoid unnecessary consumption, manage demand for goods and services, and maximise the efficiency of those products and services we do purchase.

- Establish procedures that ensure fair, open and effective competition by ensuring that tenders are called when required by legislation.
- Foster relationships with suppliers in a manner that is ethical, efficient, fair and transparent, and that respects their confidential information.
- Exercise responsible financial management and accountability for actions.
- Support the establishment of a diverse supply chain, with particular focus on entities that deliver or have potential to deliver social, economic and/or environmental benefit locally and/or regionally.
- Support Australian owned suppliers and/or suppliers who manufacture in Australia, where doing so is appropriate and permissible by law, focusing on those locally and/or regionally.
- Support suppliers and industry groups that develop and/or apply innovative responses in relation to sustainability issues.
- Establish performance agreements with our key suppliers and monitor their performance over time.
- Develop practical and transparent tools for assessing and providing feedback to existing and potential suppliers about their proposals and performance.
- Identify and manage the risks associated with procurement.

To identify the optimum ways to select, use and dispose of products and services, our continual improvement strategies for delivering on this Policy include:

- Ensuring all staff understand and can effectively implement efficient and effective sustainable procurement as required by this Policy.
- Ensuring all staff are accountable for their procurement decisions and actions.
- Engaging relevant stakeholders and skilled staff early in the procurement process.
- Communicating this Policy to our existing and potential suppliers.
- Engaging our suppliers on strategies for achieving our procurement objectives and assisting them to make improvements where appropriate.
- Monitoring the effectiveness of implementing this Policy by measuring, reviewing and reporting on our sustainable procurement performance.

## 5. Procedures

### 5.1 Standards of Behaviour

The Sustainable Procurement Policy and Council's Statement of Business Ethics is to be referred to when purchasing goods and services on behalf of Council, and the following standards of behaviour must be adhered to by Council staff, contractors, consultants, Councillors and suppliers. All officers acting on Council's behalf will:

- Undertake their duties in an ethical and impartial manner, act responsibly and exercise sound judgement to enhance the community's perception of integrity, accountability and probity in Council processes.
- Conduct tendering processes with integrity and in accordance with the Sustainable Purchasing and Tendering Procedures.
- Ensure all steps undertaken in the purchasing of goods and services are open, fair and transparent.



- Not use or disclose information that confers unfair advantage or financial benefit or detriment on a supplier or potential supplier.
- Not engage in any activity that would create a real or perceived conflict of interest.
- Co-operate with all internal audits and process reviews undertaken concerning the purchasing processes.
- Ensure purchasing procedures are kept up to date and made available to all Council employees.
- Ensure the complaints process relating to purchasing is readily available to suppliers and that all complaints are investigated fully, with a timely response to complainants on the results of any investigation.

## 5.2 Delegations

Staff members authorised to purchase goods and services will be given a delegation. The Delegations will be placed on the intranet for access by all staff following approval by the General Manager. These will be reviewed by the Finance and Supply Section on an annual basis.

## 5.3 Value for Money

Council is committed to obtaining best value for money in all its procurement activities. Best value for money is determined by considering all factors relevant to a particular purchase, for example, experience, quality, reliability, product/service support history, timeliness, service, initial, ongoing and whole of life costs, fitness for use, environmental impact, expedient product recall and related practices which may impact on benefits and costs. Value for money does not necessarily equate to 'lowest price'.

In addition to obtaining best value, Council staff must aim to purchase quality goods and services by:

- benchmarking and monitoring the performance of consultants, contractors and suppliers to ensure the provision of high quality goods and services;
- promoting market competitiveness by ensuring all procurement activities are undertaken in accordance with Council's Sustainable Purchasing and Tendering Procedures and, where appropriate, identifying preferred suppliers and contractors by inviting Expressions of Interest in accordance with those procedures;
- undertaking procurement processes that demonstrate high standards of behaviour as detailed in Council's Code of Conduct and Clause 5.1 above.

## 5.4 Efficient Purchasing Processes

Council will undertake its purchasing activities in the most effective and efficient manner to minimise the administrative costs by:

- seeking opportunities to streamline purchasing processes;
- utilising technological advances and electronic commerce applications, supported by appropriate controls aimed at reducing the administrative costs associated with purchasing;
- adopting a clear and consistent approach to its purchasing activities including the use of standard documents and contracts;

- ensuring all staff are trained in the use of electronic purchasing programs.

### **5.5 Risk Management and Health & Safety**

Council staff are to ensure appropriate practices and procedures relating to internal control and management are in place for its purchasing activities, including risk identification, assessment and implementation of controls.

Under Work Health and Safety legislation, Council has a duty to eliminate risks to health and safety as far as reasonably practicable, or where elimination is not reasonably practicable, to minimise these risks. Consequently, purchasing and procurement must take into account health and safety factors as well as cost and quality.

### **5.6 Sustainable Procurement**

Sustainable procurement is about making short term decisions while taking into consideration the long term impact (whole of life cost). As part of its non-price criteria when evaluating purchases of goods and services, Council will assess sustainability issues and in particular those issues as outlined in Sections 5.6.1 to 5.6.7 of this Policy. Products that can demonstrate compliance with sustainable procurement principles will be preferred and a price differential of 10% **may** be acceptable when all other criteria are equal.

These sustainable procurement principles are:

#### **5.6.1 Minimise Unnecessary Purchasing**

Purchases shall only be made once it has been determined that the product or service is necessary.

#### **5.6.2 Minimise Waste**

Purchasing decisions shall be made in the context of the waste hierarchy to avoid, reduce, reuse and recycle.

- **Avoid** – Identify ways of carrying out a function or task without using materials that generate waste. An example is sending information electronically instead of on paper.
- **Reduce** – using less in the first place and avoiding waste. Examples of this include purchasing in bulk to reduce packaging and the purchase of printing equipment that prints double sided.
- **Reuse** – using the same item more than once, and extending the useful life of products and equipment before replacing an item. Aim to reuse or repair an existing product. Ensure that the new purchases are durable, have long service life and are easy to maintain and upgrade.
- **Recycle** – purchasing products that contain recycled materials or those that have or can be re-manufactured.

#### **5.6.3 Minimise Greenhouse Gas Emissions/Maximise Energy Efficiency**

- Purchase energy efficient products and materials by checking that the energy rating and efficiency features are the best available for the cost over the lifetime of the product.

- Purchase renewable energy and reduce the consumption of fossil fuels.
- Purchase electrical equipment with power saving/auto off when not in use.
- Purchase goods, where possible, in bulk.
- Purchase goods, where possible, that have not been transported long distances.

#### **5.6.4 Minimise Habitat Destruction**

- Purchase paper and wood products obtained from recycled, plantation, salvaged or renewable resources.
- Purchase green cleaning products that do not result in discharges of toxic chemicals to waterways.

#### **5.6.5 Minimise Toxicity**

- Purchase materials and products that are free of toxic or polluting materials.
- Purchase products and materials that will not release toxic substances that can affect human health and pollute water, land or air at any stage of the life cycle.

#### **5.6.6 Maximise Water Efficiency**

- Purchase products that conserve water or use water in an efficient way.
- Products made from recycled materials use far less water.

#### **5.6.7 Minimise Soil Degradation**

- Purchase products, materials and services that will not degrade or pollute the soil, or result in erosion through their use.

### **5.7 Supporting Local Business**

In order to enhance opportunities for local business and industry, local suppliers will be considered for purchasing agreements on the basis of value for money, capability and efficient purchasing practices.

Council will endeavour to support local businesses by:

- Actively seeking potential competitive local supplies, suppliers, contractors and consultants.
- Where relevant, encouraging potential prime contractors to give local subcontractors assessments a weighting of 15% of the total tender score for local supplier content.
- Ensuring that specifications and purchase descriptions are not structured so as to potentially exclude local suppliers and contractors from being the prime supplier/contractor.