



PROCUREMENT POLICY

October 2009

Procurement Policy

Table of Contents

Table of Contents	2
Foreword	4
Procurement Policy 1 _____ Principles ...	5
1.2 Scope _____	6
1.3 Purpose _____	6
1.4 Treatment of GST _____	7
1.5 Definitions and Abbreviations _____	7
2 Effective Legislative and Policy Compliance and Control	8
2.1 Ethics and Probity _____	8
2.1.1 Requirement.....	8
2.1.2 Conduct of Councillors and Council Staff.....	8
2.1.3 Tender Processes	9
2.1.4 Conflict of Interest	9
2.1.5 Fair and Honest Dealing	9
2.1.6 Accountability and Transparency	10
2.1.7 Gifts and Hospitality	10
2.1.8 Disclosure of Information	10
2.2 Governance _____	11
2.2.1 Structure.....	11
2.2.2 Standards.....	11
2.2.3 Methods	12
2.2.4 Responsible Financial Management	12
2.3 Procurement Thresholds and Competition _____	13
2.3.1 Requirement.....	13
2.3.2 Minimum Spend Competition Thresholds	13
2.4 Delegation of Authority _____	14
2.4.1 Requirement.....	14
2.4.2 Delegations	15
2.5 Internal Controls _____	16
2.6 Commercial Information _____	16
2.7 Risk Management _____	16
2.7.1 General	16
2.7.2 Supply by Contract.....	16
2.8 Contract Terms _____	17
2.9 Endorsement _____	17
2.10 Dispute Resolution _____	17

2.11 Contract Management	17
3 Demonstrate Sustained Value	18
3.1 Integration with Council Strategy	18
3.2 Achieving Value for Money	18
3.2.1 Requirement.....	18
3.2.2 Approach.....	19
3.2.3 Role of Specifications.....	19
3.3 Performance Measure and Continuous Improvement	19
3.4 Sustainability	20
3.4.1 General	20
3.4.2 Sustainable Procurement.....	20
3.5 Diversity	21
3.6 Support of Local Business	22
4 Apply a Consistent and Standard Approach	22
4.1 Standard Processes	22
4.2 Performance Indicators	22
4.3 Management Information	23
5 Build and Maintain Supply Relationships	23
5.1 Developing and Managing Suppliers	23
5.2 Supply Market Development	24
5.3 Relationship Management	24
5.4 Communication	24
6 Continual Improvement	25
7 Policy Owner and Contact Details.....	25

Foreword

In November 2008, amendments to the Local Government Act were passed which included a new section, s186a that requires a council to “prepare and approve a procurement policy. A procurement policy must include any prescribed matter and a council must have regard to Ministerial Guidelines made under the section when preparing its policy. A council must review its procurement policy annually and make it available for public inspection.”

This document constitutes Yarra City Council’s Procurement Policy.

Procurement Policy

1 Principles

1.1 Background

Yarra City Council:

- Recognises that:
 - Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by council, will enhance achievement of council objectives such as sustainable and socially responsible procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.
 - The elements of best practice 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 (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process);
 - procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement; and
 - a professional approach.
- Requires that council's contracting, purchasing and contract management activities:
 - support the council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment, and corporate social responsibility;
 - span the whole life cycle of an acquisition from initial concept to the end of the useful life of an asset, including its disposal, or the end of a service contract;

- achieve value for money and quality in the acquisition of goods, services and works by the council;
- can demonstrate that public money has been well spent;
- are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
- seek continual improvement including the embrace of innovative and technological initiatives such as electronic tendering processes to reduce activity cost; and
- generate and support business in the local community.

1.2 Scope

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

This section of the Act requires the 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 the 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.

1.3 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 rate payers;
- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing; and
- increase the probability of obtaining the right outcome when purchasing goods and services.

1.4 Treatment of GST

All monetary values stated in this policy include GST except, where specifically stated otherwise.

1.5 Definitions and Abbreviations

Term	Definition
Act	<i>Local Government Act 1989.</i>
Commercial in Confidence	Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information, etc.
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 officers, and temporary employees, contractors and consultants while engaged by the council.
Probity	The dictionary definition of probity refers to uprightness, honesty, proper and ethical conduct and propriety in dealings. Within 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.
Standing Offer Arrangements (SOA)	A contract that sets out rates for goods and services which are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
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.

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.
Value for Money	Value for Money 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*

2.1.1 Requirement

The council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.

2.1.2 Conduct of Councillors and Council Staff

2.1.2.1 General

Councillors and council staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and *will*:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of Commercial in Confidence information such as contract prices and other sensitive 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;

- provide all suppliers and tenderers with the same information and equal opportunity; and
- 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.

2.1.2.2 Members of Professional Bodies

Councillors and council staff belonging to professional organisations shall, in addition to the obligations detailed in this policy, ensure that they adhere to any code of ethics or professional standards required by that body.

2.1.3 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.

2.1.4 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 or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.

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 the council.

2.1.5 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected. Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

2.1.6 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 the council's procurement policies and procedures as set out in this policy and related, relevant 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 the council and provide feedback on them; and
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

2.1.7 Gifts and Hospitality

No councillor or member of council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the council is interested.

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. 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 organisations or individuals (no matter how flimsy the evidence available), must be promptly brought to the attention of the CEO.

2.1.8 Disclosure of Information

Commercial in-confidence information received by the council must not be disclosed and is to be stored in a secure location.

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

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is Commercial in Confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

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

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

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

2.2 Governance

2.2.1 Structure

The 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 councils' procurement structure:
 - is flexible enough to purchase in a timely manner the diverse range of material, 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.

2.2.2 Standards

The council's procurement activities shall be carried out to the professional standards required by best practice and in compliance with:

- The Act,
- The council's policies,
- The council's Code of Conduct, and
- Other relevant legislative requirements such as but not limited to the Trade Practices Act, Goods Act and the Environmental Protection Act.

2.2.3 Methods

The council's standard methods for purchasing goods, services and works shall be by some or all of the following methods:

- purchasing card;
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds;
- under contract following a tender process; or
- using aggregated purchasing arrangements with other councils, Strategic Purchasing (MAPS Group Ltd.) , Victorian Government, or other bodies;

unless other arrangements authorised by the council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

The 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 expression of interest (EOI) 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, unknown or unclear;
- the requirement is capable of several technical solutions;
- the council wishes to consider ahead of formal tender processes such issues as 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 EOI phase as required by the council based on the actual needs of the project.

2.2.4 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 for the supply of goods, services or works.

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

Council funds must be used efficiently and effectively to procure goods, services and works 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

2.3.1 Requirement

The council will from time to time decide and publish in this policy clear guidelines for minimum spend competition thresholds. These will be decided by the council by analyzing the historical size and complexity of the procurement activity and of proposed procurement activities.

2.3.2 Minimum Spend Competition Thresholds

2.3.2.1 Tenders

While the threshold prescribed by Local Government Act for the Purchase of all goods and services where which the estimated expenditure exceeds \$150,000, and building and construction works for which the estimated expenditure exceeds \$200,000, must be undertaken by public tender, Council has determined to set the threshold at \$100,000 for all expenditure to be tendered.

2.3.2.2 Quotations

Purchase of goods, services having a total \$100,000 or less may be undertaken using the procurement by quotation method as described below:

- Items with a value of **\$5,000 up to \$20,000 – Request for a verbal Quotation.**
A minimum of three quotations must be obtained and the details recorded before placing an order (similar details must be recorded where more than one supplier has quoted) and documented in the councils' Record system.
- Items with a value **\$20,000 to \$100,000 – Request for a written Quotation.**

A minimum of three quotations must be obtained and the details recorded before placing an order (similar details must be recorded where more than one supplier has quoted) and documented in the councils' Record system.

Council will receive a minimum of three email quotations.

The quotation offering the best value for money must be confirmed by the supplier on company letterhead and the order placed with that firm.

Details of the suppliers contacted and their quotations must be recorded on at least a simple spreadsheet or similar document in the councils' Records system.

Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome.

The original supplier's quotations must be maintained in councils' Record system.

- Public Advertising.

All Quotations for items in excess of \$100,000 must be advertised, below that amount items may be advertised at the council authorizing officers discretion in addition to the methods above. This may occur when a field of potential tenderers hasn't been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices, etc.

- Insufficient quotations.

The situation may arise where insufficient quotations are received to satisfy the above requirements.

This may occasionally occur where there are few suppliers for the goods, services or works being sought or the work is highly specialised. In this case, the details of the contacted suppliers must be recorded on the spreadsheet or recommendation and an appropriate comment recorded.

2.4 *Delegation of Authority*

2.4.1 Requirement

Delegations define the limitations within which council staff are permitted to work. Delegation of procurement authority allows specified council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the council. This enables the council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Procurement delegations ensure accountability and provide confidence to council and the public that purchasing activities are dealt with at the appropriate level.

As such, the council has delegated responsibilities as detailed below relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotes and tenders and for Contract Management activities.

2.4.2 Delegations

2.4.2.1 Council Staff

The council shall maintain a documented scheme of procurement delegations, identifying the council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the council and their respective delegations contained in Council's Delegations policies:

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions (within authorised budget)
- Expenditure in excess of the authorized budget
- Contract amendment (non-financial)
- Contract amendment (financial)
- Appointment to register of pre-qualified suppliers
- Credit Card purchases
- Procedural exceptions

2.4.2.2 Delegations Reserved for the Council

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

- Initial signing and sealing of contract documents.
- Tender recommendations and Contract approval for all expenditure over \$100,000 in value.
- Contract term extensions (requiring additional budget).
- Expenditure in excess of the approved budget.

2.5 Internal Controls

The council will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end;
- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring and performance measurement.

2.6 Commercial Information

Procurement activities will be carried out in a way that supports council staff in meeting their obligations - to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with the relevant council guidelines.

2.7 Risk Management

2.7.1 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 the councils capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

2.7.2 Supply by Contract

The provision of goods, services and works by contract potentially exposes the council to risk.

The council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring security deposits where appropriate;

- referring specifications 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.

2.8 Contract Terms

All contractual relationships must be documented in writing based on standard terms and conditions.

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

To protect the best interests of the council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the council to risk and thus must be authorised by the appropriate member of council staff listed in the council Delegations.

2.9 Endorsement

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

2.10 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.

2.11 Contract Management

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

- establishing a system monitoring and achieving the responsibilities and obligations of both parties' under the contract; and

- providing a means for the early recognition of issues and performance problems and the identification of solutions.
- adhering to Council's Risk Management Framework and adhering to relevant Occupational Health and Safety Contractor Compliance Procedures.

All council contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by the member of council staff responsible for the delivery of the contracted goods, services or works to ensure the council receives Value for Money.

3 Demonstrate Sustained Value

3.1 *Integration with Council Strategy*

The council procurement strategy shall support its corporate strategy, aims and objectives, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community such as:

- feeling safe,
- living in a clean and pleasant environment, and
- receiving good quality and well managed council services that are Value for Money

3.2 *Achieving Value for Money*

3.2.1 Requirement

The council's procurement activities will be carried out on the basis of obtaining Value for Money.

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 determinate of value for money.

3.2.2 Approach

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- effective use of competition;
- using aggregated contracts and SOA where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- developing cost efficient tender processes including appropriate use of e-solutions;
- council staff responsible for providing procurement services or assistance within the 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.

3.2.3 Role of Specifications

Specifications used in quotations, tenders and contracts are to support and contribute to the council's Value for Money objectives through being written in a manner that:

- ensures impartiality and objectivity;
- encourages the use of standard products;
- encourages sustainability;
- eliminates unnecessarily stringent requirements

3.3 *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. Internal service standards will be agreed within the 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
- Facilitate programmes to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

3.4 Sustainability

3.4.1 General

The council is committed to achieving sustainability and ensuring it monitors and reports on council activities and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management,
- recycling,
- energy management,
- emission management,
- water conservation,
- green building design, and
- procurement.

3.4.2 Sustainable Procurement

The 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.

Value for Money purchasing decisions made by the council are made on the basis of whole-of-life cost and non-price factors including contribution to the council's sustainability objectives

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

The council will therefore consider the following environmental sustainability criteria:

- Reduce, Reuse, and Recycle

The council is committed to reduce resources, consumption and minimise waste during the procurement life cycle including:

- The council shall encourage and prefer Eco-friendly products which are more power efficient.
- Selecting energy, fuel and water efficient products (ideally Energy and Water Star Ratings of 4 Star and above, and the highest Green Vehicle Guide star rating)
- The council shall prefer to purchase from a source which is less polluting or uses clean technology
- The council's procurement projects should automatically consider the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.

- Buy Recycled:

The council is committed to buy recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to landfill.

- Green the Supply Chain:

The council shall encourage council suppliers to adopt good environmental practices.

The council will actively promote green procurement throughout its supply chain and ensure selection which has minimum environmental impact.

3.5 Diversity

Promoting equality through procurement can improve competition, Value for Money, the quality of public services, satisfaction among users, and community relations. It should

be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

3.6 Support of Local Business

Council is committed to buying from local business where such purchases may be justified on Value for Money grounds.

4 Apply a Consistent and Standard Approach

The council will provide effective and efficient commercial arrangements for the acquisition of goods and services

4.1 Standard Processes

The council will provide effective commercial arrangements covering standard products and provision of standard services across the council to enable employees to source requirements in an efficient manner.

This will be achieved via establishing the following:

- Pricing where relevant
- Processes, procedures and techniques
- Tools and business systems (e.g. implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements).
- Reporting requirements
- Application of standard contract terms and conditions.

4.2 Performance Indicators

A list of performance indicators will be developed to measure procurement performance. 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 process
- Level of compliance and understanding of council procurement policies
- Measuring the success of procurement initiatives eg. procurement cards

4.3 *Management Information*

The council seeks to improve its' performance by capturing and analysing procurement management information in a variety of areas, including:

- Volume of spend
- Number of transactions per supplier
- Supplier performance
- User satisfaction
- Category management

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

- Benchmarking data
- Information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia
- 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 to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means. Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, 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, via the appropriate development programmes and performance measurements to ensure the benefits are delivered.
- Maintaining approved supplier lists
- Developing new suppliers and improving the capability of existing suppliers where appropriate.

5.2 Supply Market Development

A wide range of suppliers should be encouraged to compete for council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Local businesses
- Green suppliers
- Small to medium sized enterprises (SME's)
- Social enterprises
- Ethnic and minority business
- Voluntary and community organisations

5.3 Relationship Management

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

- Size of spend across the council
- Criticality of goods / services, to the delivery of the council's services
- Availability of substitutes
- Market share and strategic share of suppliers

5.4 Communication

External communication is very important in ensuring a healthy interest from potential suppliers and partners to the council. The external website will be updated and provide:

- A list of existing and forthcoming contract opportunities, projected over a number of years.
- Guidelines for doing business with council.
- Links to other relevant sites.

6 Continual Improvement

The council is committed to continuous improvement and will review the procurement policy on an annual basis, to ensure that it continues to meet its wider strategic objectives.

7 Policy Owner and Contact Details

Ivan Gilbert, Executive Manager Governance and Contract Services, Yarra City Council is the designated owner of this policy.

For further information on the policy, please contact via email: **ivan.gilbert@yarracity.vic.gov.au** phone **XXXXXXX**.