



Procurement Policy

1. Purpose

The purposes of this policy ("Policy") is to ensure that Wannon Water procurement activities:

- Meet appropriate governance, probity and transparency principles
- Comply with relevant legislation, regulation, Ministerial Direction(s), relevant guidelines or codes and policy and direction of the Board
- Achieve sustainable, value for money outcomes in supporting the delivery of our services

2. Scope

This Policy applies to procurement on a whole-of-organisation basis to all departments and personnel.

3. Policy statement

3.1. Key principles

Principles underpinning the Policy are:

- Sustainability
- Value for money
- Open and fair competition
- Accountability
- Risk management
- Probity and transparency

These key principles address matters required pursuant to the Financial Management Compliance Framework (FMCf) (Section 3.4.5(b)).

Wannon Water shall seek to contribute to regional prosperity through the addition of weightings within the Value for Money evaluation component of Tender Assessments.

Procurement processes shall align to the requirements and objectives of the following:

- Local Jobs First Policy

Procurement processes shall be consistent with the directions outlined in the following:

- Water for Victoria
- Tharamba Bugheen – Victorian Aboriginal Business Strategy 2017-2021
- Wannon Water Social & Sustainable Procurement Strategy 2019-2023
- Social Procurement Australasia¹
- Modern Slavery Act (Cth)

¹ Social Procurement Australasia, 2010

3.2. Strategies – efficient resource allocation and accountability

Strategies underpinning the Policy are aimed at achieving efficient resource allocation and accountability through:

- A whole-of-organisation approach
- Ethical and sound procurement practice
- Effective procurement capacity and competence
- Participation in collaborative procurement opportunities
- Appropriate support of Wannon Water's economic, environmental, social and governance objectives
- Monitoring of, and improvement in, organisational performance

3.3. Procurement Process and Approvals

3.3.1. Construction Works

Wannon Water shall follow the Ministerial Direction No 1 – tendering provisions for public construction.

The Ministerial Directions currently set out maximum values as follows:

Construction Works

- Purchase of goods or services for a value of less than \$50,000, a minimum of one written quote is to be obtained.
- Purchase of goods or services valued between \$50,000 and less than \$500,000, a minimum of three written quotes are to be sought, with one quote obtained, including from small business if appropriate.
- Purchase of goods or services valued at \$500,000 or more, an open market approach through public tender.

Construction Services

- Purchase of goods and services for a value of less than \$50,000:
 - a minimum of one written quote for amounts between \$2,000 and \$50,000 is to be obtained.
 - a minimum of one written or verbal quote for amounts less than \$2,000 is to be obtained.
- Purchase of services valued between \$50,000 and less than \$200,000, a minimum of three written quotes are to be sought with one quote obtained from small business if appropriate.
- Purchase of services valued at \$200,000 or more, an open market approach through public tender.

3.3.2. Non-Construction Goods and Services and ICT

Maximum thresholds in place for non-construction goods and services are as follows:

- Purchase of goods and services for a value of less than \$50,000:
 - a minimum of one written quote for amounts between \$2,000 and \$50,000 is to be obtained.
 - a minimum of one written or verbal quote for amounts less than \$2,000 is to be obtained.
- Purchase of goods and services valued between \$50,000 and less than \$200,000, a minimum of three written quotes are to be sought with one quote obtained from small business if appropriate.
- Purchase of goods and services valued at \$200,000 or more, an open market approach through public tender.

All thresholds detailed are inclusive of GST.

Where quotations for construction works, construction services and non-construction goods and services are being invited by Wannon Water, suitable local providers that have the capability to provide these works shall be included within the invitation.

The financial amounts detailed above indicate financial values for selecting a market approach method. The employee undertaking the procurement process may elect to undertake a market approach for values lower than those detailed, or invite a larger number of vendors to submit quotations than those detailed.

Evaluation of tenders or quotations received shall be inclusive of, but not limited to the following:

- A. Professional Competence
 - Compliance to Specifications
 - Organisational Capacity and Capability
 - Past Performance and Current Work
 - Customer Service
 - Innovation and Value-Added Services
- B. Management Systems
 - Quality Management
 - Occupational Health and Safety
 - Environmental Management
 - Human Resources Record
- C. Commercial Compliance
 - Financial Viability
 - Risk and Insurance
 - Compliance to Conditions of Contract
 - Conflict of Interest Declaration
 - Collusive Tendering Declaration
- D. Value for Money
 - Tendered Costings
 - Social & Regional Outcomes
- E. Local Jobs First Policy
 - Local Industry Development Plan Outcomes
 - Job Outcomes

Where appropriate, the application of the tender selection criteria required by the Local Jobs First Policy shall be adopted.

The objective of the Local Jobs First Policy is to improve opportunities for Local (Australian and New Zealand) suppliers to create more jobs and grow the economy.

The Local Jobs First Policy requires government departments and agencies to consider competitive local suppliers, including small and medium enterprises (SMEs), when awarding projects valued at:

- \$1 million or more in regional Victoria, or
- \$3 million or more in metropolitan Melbourne, or for state-wide activities.

Tender Assessment Weightings

Weightings allocated for components A-D shall be at the discretion of the assessment panel. These weightings shall be disclosed at part of the tender invitation documentation. Section E shall only apply to Contracts where a Local Jobs First Plan is applicable. A mandatory assessment weighting of 20% applies to Local Jobs First (component E) which is split equally between the two components.

Exemptions from Ministerial Directions

Exemptions from Ministerial Directions shall be in accordance with the definitions contained within Section 3.2.2 of the Ministerial Directions, and shall be utilised for exemption applications for Construction Works and Services, and Non-Construction Goods and Services. All Ministerial Directions shall be signed off by the Managing Director or Approved Delegate.

4. Contracts

The contract used will be determined by the complexity of the procurement and what is being procured.

4.1. Contract type

Contracts are to be formed in line with Wannon Water's Contract Schedule of Documents and must comply with the Contractual terms and conditions (Construction Direction 7.2).

Victorian Public Construction Contracts will be used for construction contracts or other form as appropriate.

Supply Agreements and Contracts shall be either in the form recommended by the Victorian Government Purchasing Board (VGPB) or other appropriate form such as Wannon Water's Standard Form Conditions of Contract and specification templates such as:

- General Conditions for the Supply of Goods (VGPB Template)
- General Conditions for the Supply of Services (VGPB Template)
- Agreement for the supply of Services (VGPB Template)
- Agreement for the supply of Goods (VGPB Template)
- Agreement for the Provision of ICT Services (Wannon Water Template)

In addition, the following standards shall form part of the final documentation, or other as appropriate:

- Australian Standard 2124 General Conditions of Contract
- Australian Standard 4920 General Conditions of Contract for the Provision of Asset Maintenance and Services
- Australian Standard 2127 Form of Formal Instrument of Agreement

4.2. Purchase Orders

For low complexity, low value procurement of goods or services where there is no contract in place, the default terms and conditions of a purchase order will be used. These Terms and Conditions are available on Wannon Water's website.

5. Quotation Implementation

Wannon Water's Quotation Procedure provides direction on invitation for quotation, quotation assessment and approval.

6. Tendering Implementation

Wannon Water's Tendering Procedure provides direction on tender advertisement, management of the tendering process, tendering on the Tenderlink platform, tender receipt and transmittal, tender assessment and contract award for works, goods and services.

7. Monitoring and Reporting

Reporting on progress of non-construction goods and services contracts shall occur:

- To the Executive Committee at least six monthly for contracts exceeding \$550,000 in value
- To the Board by exception as deemed necessary by the Executive Committee or by the Managing Director.

Wannon Water shall aim for an amount equal to or exceeding 30% of the total annual non-construction goods and services purchase value to be spent within the Wannon Water Region.

An annual report shall be provided to Board that details actual performance versus this target. The report shall detail performance in all categories of vendor spend within the Wannon Water Region. Reporting against significant construction (capital) contracts shall occur within the Quarterly Capital Works report to the Board.

Data collected from tenderers shall be utilised as part of reporting for the Community Strategy 'Partnering for Stronger Communities'.

8. Collaborative Procurement

Wannon Water shall participate in collaborative procurement opportunities that benefit Wannon Water and fellow collaborating organisations as a whole. Employee resources, knowledge and experience shall be made available to ensure optimum outcomes from the collaborative procurement process.

Prior to implementation of a collaborative procurement agreement, it shall be established that the market testing process for the awarding of works is at least compliant with the procurement procedures in place at Wannon Water and meet the principles detailed within Section 3.1.

Approval for entering collaborative procurement agreements shall be made in accordance with the Wannon Water Instrument of Delegation.

9. Social and Sustainable Procurement

Wannon Water shall take actions consistent with its Social and Sustainable Procurement Strategy. This includes collecting data in respect to open market tender proposals from tenderers, which shall be utilised to assess the tenderer's contributions to the themes of the Partnering for Stronger Communities: Wannon Water's Community Strategy. The themes for the collection of this data are as follows:

- Regional prosperity
- Education, training & volunteering
- Health & wellbeing
- Natural environment

The data collected in relation to 'Social Procurement' shall be considered as a component of the "Value for Money" evaluation criteria.

10. Roles and responsibilities

Position	Roles and responsibilities
Branch Manager Corporate Services	Responsible for the management of the Policy as it applies to non-construction goods and services procurement and ensuring that all relevant personnel are aware of and comply with, its content and any subsequent alterations or amendments to it.
Branch Manager Asset Creation	Responsible for the management of the Policy as it applies to construction procurement and construction services procurement and ensuring that all relevant personnel are aware of and comply with, its content and any subsequent alterations or amendments to it.
General Manager Community & Corporate Services	Responsible for reporting to the Board of Wannon Water as it applies to procurement of non-construction goods and services. When necessary, reports shall incorporate any significant threats and risks.
General Manager Assets	Responsible for reporting to the Board of Wannon Water as it applies to construction procurement and construction services procurement. When necessary, reports shall incorporate any significant threats and risks.

11. Implementation

The General Manager Community & Corporate Services shall oversee the Policy as it relates to non-construction goods and services procurement and the General Manager Assets shall oversee this Policy as it relates to construction procurement and construction services procurement, by ensuring that adequate resources are in place to ensure procurement policies and processes are administered in a compliant, timely and effective manner.

12. Definitions

Term	Means
Accountability	Capable of being explained; taking responsibility for one's actions
Construction	Any matter relating to the construction, maintenance, rehabilitation, alteration, extension or demolition of any improvements on land and 'related' services which have a direct causal link to the construction and maintenance of public assets and would include feasibility studies, concept design, architectural services and interior design and fit out plans
FMCF	Financial Management Compliance Framework
Local	Businesses and franchises that operate from addresses located in the Wannon Water Region as defined below
Probity	Moral principles, fairness, legal compliance, integrity and honesty
Procurement	The overall function relating to the planning, purchasing and managing of goods and services (including consultancy)
Purchasing	The act of acquiring something in exchange for financial consideration
Region (of Wannon Water)	<p>The municipal districts of:</p> <ul style="list-style-type: none"> • Warrnambool City Council • Moyne Shire Council • Glenelg Shire Council • Southern Grampians Shire Council • Corangamite Shire Council • Colac-Otway Shire Council
Sustainability	The balance of governance, economic, environmental, and social factors in the delivery of business operations at Wannon Water.
Value for Money	Means a balanced benefit measure covering quality levels, performance standards, risk exposure, other policy or special interest measures (e.g. environment impacts), as well as price. Generally, value for money is assessed on a 'whole of life' or 'total cost of ownership' basis, which includes the transitioning in, contract period and transitioning out phases of a contractual relationship. It is often used in the sense of the 'long term sustainability of value for money', denoting that Wannon Water focuses on choices that ensure value for money outcomes are promoted and protected in successive anticipated contracts.

13. Governance

Associated procedures/standards	<ul style="list-style-type: none"> Instrument of Delegation Appointments and Authorisation Social and Sustainable Procurement Strategy 2019-2023 Procurement Governance Framework Tendering Procedure Quotation Procedure Employee Conflict of Interest Procedure Financial Management Compliance Framework Victorian State Buying Website – www.buyingfor.vic.gov.au Procurement Australia Website – www.paltd.com.au
Legislation and standards	<ul style="list-style-type: none"> Australian Standard 2124 General Conditions of Contract Australian Standard 4920 General Conditions of Contract for the Provision of Asset Maintenance and Services Australian Standard 2127 Form of Formal Instrument of Agreement
Endorsement	Executive Committee
Approval	General Manager Community & Corporate Services
Policy owner	General Manager Community & Corporate Services
Content enquiries	Branch Manager Corporate Services

14. Document version history

Version	Changes made to document
3	<ul style="list-style-type: none"> Updated to the new SoControl template Section 4.1 – removed reference to “Australian Standard 4122-2000 General Conditions of Contract for Engagement of Consultants”. Removed reference to the year of all other AS standards Removed section on “Feedback”