

SUSTAINABLE PROCUREMENT POLICY

Date of Adoption: 15 June 2021

Effective Date: 15 June 2021



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1. Scope

This policy forms part of the Procurement Framework. This Sustainable Procurement Policy defines Council's sustainable procurement function for consumables, capital works and services. It relates to all purchasing, purchase cards, tendering, contract management, payments and asset disposal.

Sustainable procurement provides great opportunities to deliver goods and services in a financially, environmentally and socially sustainable way, encouraging circular economy principles, whole of life costing and social outcomes. This policy also supports Council's position to have Net Zero Emissions by 2030 for our operations and supports our waste reduction and circular economy goals.

All officers must comply with this policy, and must be able to demonstrate through training or certification that they can address all the principles within the policy and procedures that support it.

2. Objectives

The objectives of the Sustainable Procurement Policy are to:

- Eliminate unnecessary waste, expenditure and purchasing through the use of whole of life costing and life cycle assessments;
- Promote and encourage circular economy principles throughout all operations;
- Demonstrate leadership and encourage suppliers to adopt cleaner technologies and produce products with reduced environmental impacts;
- Encourage value for money, by actively seeking competitive quotes for products, goods and services;
- Demonstrate long term economic, environmental, social and governance requirements to meet organisational and community values and Quadruple Bottom Line expectations;
- Social Sustainability with positive outcomes for local community including people with disabilities, Indigenous suppliers or people from disadvantage communities;
- Ensure compliance with legislative requirements as detailed in 6. Legislative Framework below; and
- Support Economic Development Strategy, which is available on Council website.

3. Procurement Principles

This policy will be supplemented with ongoing system development, process updates, training and support to ensure staff fully understand the practical ways to implement sustainable procurement practices. This includes developing standard inclusions for Council tender, specifications and briefing documents relating to Sustainable Procurement.

The following priority environmental considerations are to be incorporated within all procurement decisions:

6 Core Sustainability Principles

1. **Life cycle costing:** We will consider the cost incurred, the value for money achieved, the costs and benefits on society, environmental and economic impact resulting from procurement activities.

Canada Bay will utilise full life cycle costing in the assessment of appropriate procurement decisions where expenditure is in excess of \$250,000.

Whole of life costing is a practical way to put a dollar value on all aspects of Quadruple Bottom Line considerations. It quantifies the full financial benefits by providing complete sustainability details addressing all phases of the life of the product or service.

2. **Circular Economy:** A circular economy values resources by keeping products and materials in use for as long as possible. Council can support the circular economy by considering this at the design phase of projects, including new development, and purchasing products and services. Using its purchasing power, Council can also encourage and support local businesses which demonstrate they implement the principles of circular economy.

Key principles for incorporating the circular economy into purchasing decisions include:

- **Systems Thinking Principle:** a holistic approach to understand how individual decisions and activities interact within the wider system – how does this purchase impact the wider community, supply chain or region?
- **Innovation Principle:** organisations continually innovate to create value through the sustainable management of resources in products and services – is there a better way to purchase this product or service that results in less resources being consumed or wasted?
- **Stewardship Principle:** organisations manage the direct and indirect impacts of decisions and activities across the system – where will the product end up once it is no longer wanted or needs replacing?
- **Collaboration Principle:** organisations collaborate internally and externally through formal and/or informal arrangements to create mutual business value – what other businesses or community organisations could collaborate with council to further leverage the purchase of this equipment or service?
- **Value Optimisation Principle:** organisations keep all products, components and materials at their highest value and utility at all times – how can the product being purchased be maintained in a way that utilises its full value at all times?
- **Transparency Principle:** organisations are open about decisions and activities that affect the ability to transition to a more sustainable and circular mode of operation and willing to communicate these in a clear, accurate, timely, honest and complete manner – what should the community know about the way the organisation purchases products and services?



Figure 1. Linear economy, where products end up in landfill v's Circular economy where products are reused, re processed or recycled

3. **Environmental Considerations:** Council is committed to considering resources use and running costs, often overlooked in short term view of procurement. This can be achieved by assessing waste considerations including avoid, reduce, reuse, recycle, packaging, design for disassembly, and minimum toxicity. Preference will be given to products with recycled content. Purchasing products that conserve water or use water in an efficient way. Purchasing energy efficient products and material by checking the energy rating, and minimising greenhouse gas emissions for purchases and new facility developments. Preference for Australian made products to reduce distance travelled by products made overseas and to support local Australian businesses.

4. **Preference to Environmentally preferable products:** We will give preference to environmentally and socially sustainable products when performance and price are comparable to conventional products. In all evaluations a minimum of 10% will be added to the weighting of evaluation criteria for sustainability credentials.
5. **Acceptable pricing differential:** We will allow up to a 10% (to a maximum of \$15,000) leeway for price differential when making a procurement decision regarding an environmentally and socially sustainable products including over a comparable conventional product. Where such a design is made, this will need to be reported to the on the "Procurement Exception Form" available from the Strategic Procurement Co-ordinator.
6. **Social Sustainability and positive outcomes for Local Community:** Council is committed to generating social value through procurement processes to ensure that positive outcomes are realised for all people in the community. This includes local suppliers, organisations that employ people with disabilities, Indigenous suppliers or people that come from disadvantaged communities, as well as supporting equal opportunity for women in employment such as trade or management.

4. International Standard 20400 – Sustainable Principles

The principles for sustainable procurement identified within International Standard 20400 Sustainable Procurement Guideline (<https://www.iso20400.org/about-iso20400-org/>) include the following:

1. **Accountability:** Be accountable for impacts on society, the economy and the environment, including the impacts on Council's supply chain with a lifecycle perspective on goods or services;
2. **Transparency:** Be transparent about Council's procurement processes and how decisions and activities impact on the environment, society and the economy. This requires Council to be transparent in our procurement decisions and activities and encouraging our suppliers to also be transparent;
3. **Ethical behaviour:** Behave ethically and promote ethical behaviour throughout Council's supply chains. Some products may exploit child labour and marginalized workers, violating human rights and economic / social equity. Council will purchase products that are traded fairly and suppliers will be asked to disclose ethical information regarding production and labour outsourcing;
4. **Full and fair opportunity:** Avoid bias, and prejudice in all procurement decision making. All suppliers including local, small and medium sized organisations should have a full and fair opportunity to compete;
5. **Respect for stakeholder interests:** Respect, consider and respond to the interests of stakeholders impacted by Council's procurement activities;
6. **Respect for the rule of law and international norms of behaviour:** Council should strive to be aware of any violations throughout our supply chains. Council should actively encourage our suppliers to abide by these rules and assess and address compliance as situations require;
7. **Respect for human rights, the rule of law and international norms of behaviour:** Be aware of any violations throughout Council's supply chains and actively encourage Council suppliers do the same;
8. **Innovative solutions:** Seek solutions to address Council's sustainability objectives and encourage innovative procurement practices to promote more sustainable outcomes throughout the entire supply chain;

9. **Focus on needs:** Review demand, buy only what is needed and seek more sustainable alternatives first;
10. **Integration:** Ensure that sustainability is integrated into all existing procurement practices to maximise sustainable outcomes;
11. **Analysis of all costs:** Council should consider the costs incurred over the life cycle including maintenance, value for money achieved, and the costs and benefits for society, the environment and the economy resulting from its procurement activities; and
12. **Continual improvement:** Work towards continually improving Council's sustainability practices and outcomes, and encouraging its supply chains to do the same.

5. Application of the Policy

The application of the policy will be staged according to expenditure levels. This relates to all the different ways Council procures including purchase of goods and consumables, capital works projects using RFQ or tenders, as well as services.

a) Expenditure up to \$50,000

For general procurement where expenditure is estimated to be less than \$50,000, the general sustainability considerations outlined above should be considered.

b) Expenditure in excess of \$50,000 but less than \$250,000

For procurement where expenditure is estimated to be in excess of \$50,000 but less than \$250,000, it is recommended that the formal environmental checklist for suppliers (as outlined in Appendix A Supplier Environmental Questionnaire) be included in the specification of the goods and services.

This checklist will be included as a returnable schedule for evaluation with suppliers requested to complete the checklist. Environmental and social sustainability will be outlined as evaluation criteria in the specification with a recommendation weighted of a minimum of 10% dependent upon the nature of the product (or service). Discussions will be held with the suppliers to address any issues identified by the checklist.

c) Expenditure in excess of \$250,000

For all expenditure in excess of \$250,000, we will do the following:

- Incorporate in the tender documents a statement outlining our approach to sustainability
- Incorporate the Supplier Environmental Questionnaire as outlined in Appendix A into all specifications
- Include this as a returnable schedule
- Include environmental sustainability as an evaluation criteria in the specification
- Assign a minimum weighting to this criteria of minimum of 10%
- Where appropriate and applicable a comparison of the life cycle costings of the various solutions proposed should be conducted as part of the evaluation process. This should be undertaken prior to the final decision on the preferred supplier
- The pricing differential outlined above will be applied where applicable

This policy is also applicable to engaging consultants or the provisions of certain professional services ie. legal, banking or financial. In these sectors, consideration will be given to the various categories of ethical trading and general sustainability considerations for example economy, social and environmental. Furthermore, high priority is given to companies and consultancies who can demonstrate good environmental performance through environmental management systems, energy or water accounting and responsible management of waste.

Whether tendering for a major project, making a standard purchase from a preferred contract supplier or a simple on off purchase; sustainable procurement decisions are made by every member of Council. It is important that the best choices are made to benefit the Council and protect our environment.

6. Legislative Framework

The following is a list of the relevant legislation that relates to Sustainable Procurement. The Local Government Act 1993 and the Local Government (General) Regulation 2005 provide the main legislative framework for Council to procure goods and services.

- The Local Government Act 1993
- The Local Government (General) Regulation 2005
- NSW Procurement Policy Framework for NSW Government Agencies
- Tendering Guidelines for NSW Local Government 2009
- Modern Slavery Act 2018
- NSW State Records Act 1998
- Work Health and Safety Act 2011
- Work Health and Safety Regulation 2017
- Workers Compensation Act 1987

This document was prepared May 2021 and will be reviewed in 2 years.

Revision History

Amended by (name and position)	Date	Change Description	Owner Approved	Version	DocsetID

APPENDIX A – Supplier Environmental Questionnaire

SUPPLIER ENVIRONEMTNAL QUESTIONNAIRE



Additional information in typed or printed form may be attached if insufficient space is provided.
The presence of an attachment must be indicated next to the relevant question.
You must provide documentation where requested.
Documents not specifically asked for should not be submitted.

1. Service Identification

1.1 Name of supplier:

1.2 Name of project and/ or contract/ or service provided to Council:

2. Company Environmental Information

2.1 Does your organisation have a current environmental policy or statement?

☐ Yes ☐ No

If yes, please **attach**.

2.2 How does your organisation address International Standard 20400 – Sustainability Principles outlined in the Policy?

Please attach a description.

2.3 Does your organisation have an environmental management plan to manage risk?

☐ Yes ☐ No

If yes, please **attach** a description.

2.4 Does your organisation have an accredited quality system and/or environmental management system?

☐ Yes ☐ No

If yes, please **attach** evidence (e.g. copy of current certificate of compliance from an accredited certifier) and a list of any associated procedures.

2.5 Does your organisation systematically work to manage and minimise potential and/or actual environmental impacts e.g. regular waste or environmental audits with follow up action plans and monitoring?

☐ Yes ☐ No

Please specify:

2.6 Does your organisation have a greenhouse gas reduction policy or program?

☐ Yes ☐ No

If yes, please **attach**.

2.7 Does your organisation undertake monitoring programs to minimise environmental impacts?

☐ Yes ☐ No

If yes, please **attach**.

2.8 Does your organisation evaluate its supplier's or sub-contractors environmental performance?

☐ Yes ☐ No

Please specify:

2.9 Has your organisation ever been issued with a notice or committed an offence under the Protection of the Environment Operations Act 1997 – that is, any convictions or violations of EPA or other environmental regulations or licensing conditions?

☐ Yes ☐ No

If yes, please **provide further details**.

3. Product packaging and transportation

3.1 Has your company adopted packaging reduction practices/ policies?

☐ Yes ☐ No

If yes, please provide details of these procedures.

3.2 Please identify the packaging materials used for the main products supplied to Council or intended for supply to Council

Please provide details of these materials.

3.3 Is the packaging material made from recycled materials?

☐ Yes ☐ No

If yes, please provide details of these procedures.

3.4 Is the packaging designed for re-use?

☐ Yes ☐ No

If yes, please provide details of these procedures.

3.5 Is the packaging able to be recycled

☐ Yes ☐ No

If yes, please provide details of these procedures.

3.6 Will your company accept the packaging back for re-use or recycling?

☐ Yes ☐ No

If yes, will your company collect the packaging and pallets etc.?

If no, do you know a company who will? Please provide contact details

3.7 Does your product or components of your product or service travel from overseas or within Australia?

Please provide details of distance travelled by your product / service or consumable.

4. General Service Provision

4.1 Does your organisation have current documented procedures to be followed in the event of an environmental accident/incident?

☐ Yes ☐ No

If yes, please provide details of these procedures.

4.2 Are all staff trained to allow the proper application of the environmental management plan and environmental accident/incident procedures?

☐ Yes ☐ No

If yes, please provide dates of most recent training sessions and the frequency of training.

4.3 Does your company monitor the implementation of all documented procedures?

☐ Yes ☐ No

If yes, please provide details.

Please email to Contractors@canadabay.nsw.gov.au