

PECAN- Who we are

The Port Phillip Emergency Climate Action Network (PECAN) is an environment group established within the City of Port Phillip in 2019. Its core membership comprises representatives from 12 environment groups within the municipality:

- 1 Australian Conservation Foundation Macnamara
- 2 Australian Youth Climate Coalition
- 3 Bayside Climate Crisis Action Group
- 4 Community Alliance of Port Phillip
- 5 Elsternwick Park Association
- 6 Elwood Floods Action Group
- 7 Extinction Rebellion Port Phillip
- 8 Locals Into Victoria's Environment
- 9 Port Phillip Alliance for Sustainability
- 10 Port Phillip EcoCentre
- 11 Stop Adani Macnamara
- 12 unChain StKilda

Executive Summary

PECAN wishes to thank the City of Port Phillip for the opportunity to provide recommendations to its new Procurement Policy. The following are key points for consideration:

- A number of elements in the Procurement report to Council meeting 18th August Item 31.1 are welcomed and are listed in Section A.
- There are some areas in the Procurement Policy, PECAN requests the Council strongly consider and these are the following:
 - PECAN requests that the the procurement policy state that Council procurement is a key tool to ensure that council will achieve its objectives under the Climate Emergency Declaration.
 - Council should report annually on preferred suppliers and collaborate with other councils which have declared a climate emergency to build a database of preferred suppliers.
 - The new Policy should in all instances in policy and guidelines and implementation, require the disaggregation of the 3 separate elements of CSR (social, economic and environmental). This will, for example, require that there be separate weightings for the 3 CSR elements and these will be set out in the evaluation criteria (rather than just have one weighting for CSR) prior to commencing the procurement activity.
 - We request that CoPP includes targets and evaluation criteria in the new policy.
 - The new policy should require that reporting against this policy be included in the Annual Report and CEO's reports. It should include an assessment of how the policy is contributing to the council's climate emergency declaration.
 - PECAN members believe that collaboration should be a key focus for the new policy.
 - The various spend thresholds (refer Table 2 Spend Thresholds in current CoPP Policy) should clearly indicate where CSR applies. Our recommendations are:
 - Up to \$15,000 - Encourage quotations to include the CSR credentials of the organization
 - \$15,000 to \$49,000 -A weighting and prices preferential of 10% is offered to organisations which provide CSR credentials (see Appendix 2)
 - \$50,000 - \$149,999 – CSR criteria should be applied where possible with price preference of at least 10%
 - \$150,000 plus – meeting CSR criteria mandatory.
- To clarify our intentions we have included a process chart to address CSR in tenders, EiO and contracts (See Appendix 1).

Section A – PECAN welcomes the following elements in the Procurement report to Council meeting 18th August, item 13.1

The following key points, noted by the Council Officers as necessary to achieve compliance with the procurement requirements of the 2020 Local Government Act are those PECAN **particularly** welcomes:

clause 2.3

- *Task the Audit and Risk Committee with independent, regular assessments and reporting of Council's Procurement Policy and Processes, with established internal structures that provide for independent review of processes, decision making and robust financial management.*
- *Uphold an environment that is conducive to good governance, including establishment of processes with defined implemented clear roles and responsibilities that foster effective decision making processes and reflects transparency and accountability.*
- *Pursue innovation and continuous improvement.*
- *Promote economic, social and environmental sustainability.*
- *Collaborate with other councils and describe how the collaboration in the procurement for goods, services and works. The Chief Executive Officer must ensure any report to Council that recommends entering into a procurement agreement contain information in relation to opportunities for collaboration.*

clause 4.9

- *A description of how a council will seek collaboration with other councils and public bodies in the procurement of goods and services.*
- *The council's Chief Executive officer must ensure that any report to Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other councils or peak bodies which may be available.*

clause 4.10

Under the Gender Quality Act 2020, Council is required to undertake a gender impact assessment (GIA) on any new policy that has a direct or significant impact on the public. The conduct of a GIA is a mechanism for Council to demonstrate reasonable and material progress towards gender equality as an organisation. The Procurement Policy is reasonably expected to have both a direct and significant impact on the public, as such a GIA will be undertaken on Council's Procurement Policy.

The elements of the current procurement policy that PECAN also particularly endorses are:

clause 4.14

- *Best Value – The best mix of cost, quality (ability to meet user requirements) and sustainability (environmental, social and economic).*
- *Social Benefit – Council will use procurement to further the social, economic and environmental wellbeing of the community.*

These clauses capture the principle that 'best value' goes well beyond cheapest price and that procurement policy must be guided by the principle of public good.

clause 4.22

- *Council's current Procurement Policy identifies corporate social responsibility (CSR) as a key principle that Council looks to achieve through its procurement activity. CSR is a*

recommended criterion for the assessment and evaluation of submissions. The current Policy recommends that CSR outcomes are sought to be achieved through procurement activity
This key clause provides a mechanism for operationalising the principles of 4.14.

clause 4.26

Council's current Policy classifies Corporate Social Responsibility (CSR) as the following:

- *Sustainable procurement.*
- *Circular economy principles (recycling, waste avoidance, material reuse, local sourcing, etc.).*
- *Indigenous and social procurement.*
- *Access & inclusion (including gender equality).*
- *The Modern slavery Act 2018*
- *Alignment of tenderer's affiliations with offshore detention, tobacco, fossil fuel generation, gambling, entertainment involving animals, arms sales.*

clause 4.28

PECAN also welcomes the decision by Council to accept the officers' recommendation identifying 'opportunities and refinements' in the new council policy , specifically:

- *Include the evaluation criteria in the Procurement Policy.*
- *Review which evaluation criteria are mandatory and which are not (see below) .*
- *Consider whether CSR becomes a mandatory criterion in accordance with Council's other commitments. This could include mandating a percentage for CSR. Alternatively, set a threshold at which CSR requirements are considered, reflecting Council seeking to find a balance between the value of procurement and the cost and effort of tenderers in submitting a tender.*
- *Consider mandatory requirements around procuring from local businesses and the and the employment of local residents.*

PECAN welcomes that Council recognises the importance of the following areas in the procurement process and the alignment of procurement with the council plan and policy.

clause 8.1 The review and update of the Procurement Policy will provide an opportunity to review Council's approach to considering Corporate Social Responsibility initiatives including environmental and sustainability purchasing practices.

clause 9.1 The revised consideration of CSR in the review of the Procurement Policy provides an opportunity to incorporate a greater degree of local procurement and local employment with the aim to deliver significant community value from the large spend of Council.

clause 9.2 As part of the review, Council officers will engage with local community groups and stakeholder associations to obtain their feedback on the current Policy.

clause 9.3 All community members are encouraged to provide input into the review of the current Policy.

clause 10.1 The Policy supports the Council Plan 2021- 2031. The key alignments include

- *Direction 3 Sustainable Port Phillip - with a sustainable future, where our community benefits from living in a bayside city that is cleaner, greener, cooler and more beautiful.*
- *Direction 5 Well Governed Port Phillip - a leading local government authority, where our community and our organisation are in a better place as a result of our collective efforts.*

SECTION B – Additional changes PECAN requests

PECAN requests that the procurement policy state that Council procurement is a key tool to ensure that council will achieve its objectives under the Climate Emergency Declaration

PECAN requests that:

- Council will use procurement to further the social, economic and environmental wellbeing of our community including implementation of the council's Climate Emergency Declaration.
- CSR should be applied to exclude all tenderers and suppliers who engage with offshore detention, tobacco, fossil fuels energy generation distribution, exploration or extraction, gambling, including poker machines, entertainment involving animals, including racing, arms and modern slavery.
 - Where Council offers tenders, suppliers which are involved in the above activities should be excluded from the procurement process, unless;
 - the supplier's goods or services are essential in an area where council is transitioning away from the use of fossil fuels, such as gas heating or vehicle fuel for a specified time period.
- Council should audit and record existing suppliers' involvement with the above activities.
- Where current suppliers are involved in these activities, they should be advised of the policy well before resubmitting for contract renewals to have time to withdraw from involvement with organizations involved in those practices.
- Council should report annually on preferred suppliers and collaborate with other councils which have declared a climate emergency to build a database of preferred suppliers.
- The new Policy should in all instances in policy and guidelines and implementation, require the disaggregation of the 3 separate elements of CSR (social, economic and environmental) This will for example require that there be separate weightings for the 3 CSR elements and these will be set out in the evaluation criteria (rather than just have one weighting for CSR) prior to commencing the procurement activity.
- As a result, a price preferential treatment and weighting would be given to organisations who address environmental sustainability.
- Adopting new technologies only for essential business purposes to promote the development of a circular economy and reduce waste.
- The Implementation Guide should reflect the updated policy.

The use of Targets:

- targets for
 - addressing the economic emergency such as using social enterprises, engaging local business and purchasing of EVs to reduce costs of servicing and running costs.
 - addressing the environmental emergency such as the use of 'green' products, divestment of companies engaged with fossil fuel and creating a circular economy
 - addressing the social imperatives such as social enterprises engaged by council and the engagement of local businesses.
- We request that CoPP includes targets in the policy such as those included in the Darebin Council Procurement Policy – Item 810 Appendix A- Social and Sustainable Procurement Policy October 2019.pdf Page 18. Some of these targets include the target for the use of Social Enterprises but also includes % of recycled material in road making and the number of hours worked in contracts for Darebin Council by those from the local areas. Please see Appendix 4 in this document for an example.

Expanding the audience for procurement policy:

The purchasing document should be written to not only provide advice and guidelines for the officers in council but also be a document which engages community, business and other organisations. It should be engaging and clearly articulate the principles and guidelines of the CoPP and provide examples of best practice (see Appendix 3).

- Inclusion of case studies across the CoPP as examples of best practice procurement.

Reporting against this Policy:

- Reporting on all aspects of procurement which relates to the use of social enterprises, engagement of local enterprises, innovation and continual improvement in the supply chain, companies with environmental credentials and recycled content in purchasing.
- Require emissions reporting in specifications for all contracts valued at over \$500,000. Strongly encourage emissions reporting for smaller contracts. Reporting to be managed through the Contract Management Plan.
- The new policy should require that reporting against this policy be included in the Annual Report and CEO's reports. It should include an assessment of how the policy is contributing to the council's action on its climate emergency declaration.

Collaboration:

- PECAN members believe that collaboration should be a key focus for the new policy and should include (as mentioned in the Preface to New Best Practice Procurement Guidelines) 'for councils to innovate and work with other councils, government agencies, community organisations and the private sector'. The new Guidelines require more openness and should encourage community members to provide regular input around environmental outputs and the use of social enterprises by Council.
- The new policy should make it clear where CSR principles will be applied. The new policy should set out the way this will be done for each of the council procurement methods (as currently set out in Current Policy Clause 1.16) and in the 5 procurement actions (as in those set out in the current Table 2 Spend Threshold in the CoPP Policy).
- Ethics and Probity should:
 - a) align with the CSR objectives of Council under the Climate Emergency Declaration
 - b) adhere to the Anti- Modern Slavery Act 2018
 - c) advance gender equality within the Council, with suppliers and across the supply chain.

More Clarity re methods of Procurement:

The new policy should set out more clearly the various methods of procurement and the thresholds and details of procurement processes for each method. It should include:

- for each procurement .
- which procurement methods must consider CSRs in decisions re choice of provider or goods and how the criteria for these will be established.
- the conditions under which Council can procure without inviting a tender or expression of interest and can use an eligible panel system.
- how the eligible provider system will operate, including how eligible panel providers will be selected.

- that the selection of preferred providers for a panel will include an evaluation of an organisation’s environmental sustainability credentials. That is, potential eligible panel member organisation should be required to show both the organisation’s track record in and their plans to implement environmentally sustainable practices and purchasing.
- Corporate Social Responsibility – *should be mandatory* with tenders, EIO and tenders over the value of \$150K - Assess the tenderer’s record in addressing social, environmental and economic sustainability issues on similar contracts.
- The various spend thresholds (refer Table 2 Spend Thresholds in current CoPP Policy) should clearly indicate where CSR applies. Our recommendations are:
 - Up to \$15,000 - Encourage quotations to include the CSR credentials of the organization
 - \$15,000 to \$49,000 -A weighting and prices preferential of 10% is offered to organisations which provide CSR credentials (see Appendix 2)
 - \$50,000 - \$149,999 – CSR criteria should be applied where possible with price preference of at least 10%
 - \$150,000 plus – meeting CSR criteria mandatory.

Include Evaluation Criteria in Policy:

The current Policy requires that Council prepare a list of criteria (with weightings) that will be used to evaluate a procurement prior to approaching the market. However, it does not outline the evaluation criteria specifically and lists mandatory and suggested criteria in the current internal Procedures. We consider that these evaluation criteria should be included in the actual new policy.

Vendor continuous improvement practice:

The policy should include a statement which requires and supports vendors to improve their sustainability performance and:

- Set minimum vendor sustainability requirements that are reviewed annually
- Implement a vendor pre-assessment program utilising procurement software to identify vendors with high sustainability credentials
- Provide access for all vendors to an online training program to support improved sustainability behaviour

Variation to Contracts:

Alternative statement on Variation to Contract

The delegate has the power to vary any contract. The revised contract value (inclusive of variation /variation in aggregate) may exceed the financial limit delegated to the position in view of ‘Beyond value for Money’ as stated in the Preface to New Best Practice Procurement Guideline 2020. Variations can be approved provided they demonstrate, amongst other criteria, opportunities for innovation, consistency with CSR objectives and continuous improvement and are within contract variation in accordance with this policy. If the variation exceeds the budget allocation, authority is delegated to the next appropriate level of authority.

The following clauses directly relate to the the current CoPP Procurement Policy:

Under Tender Evaluations and Negotiations

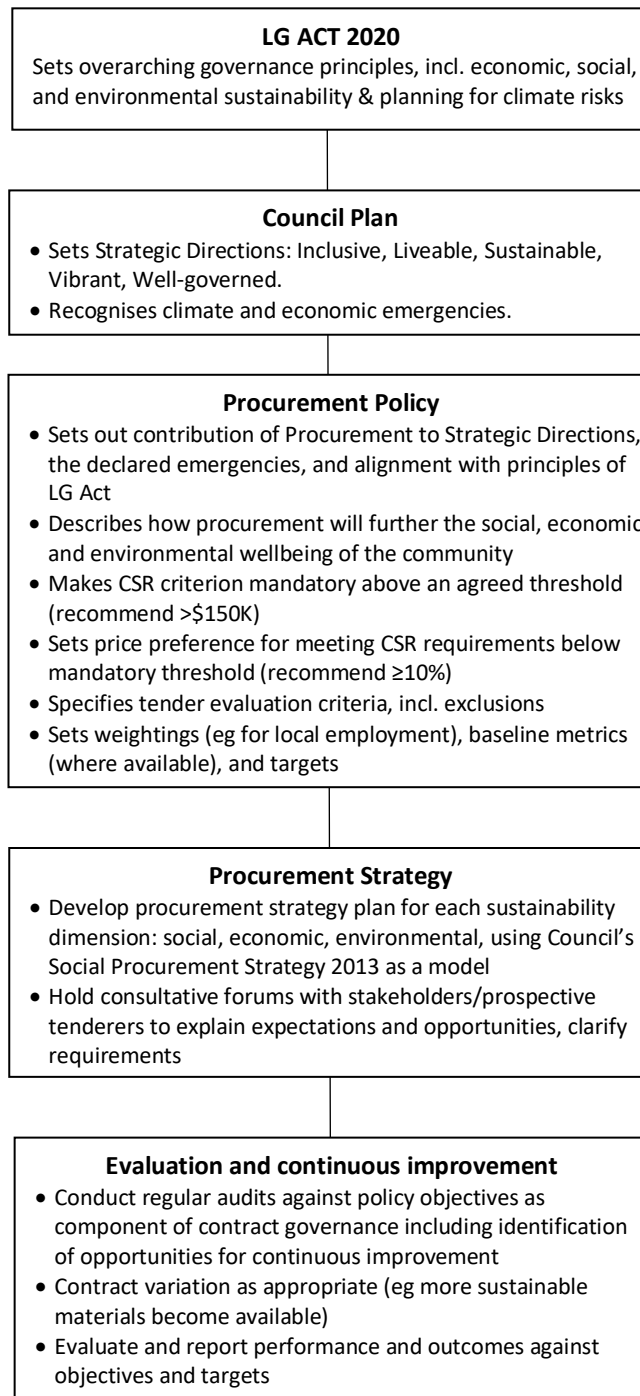
- The vendor selection criteria and weighting for each criterion will be documented prior to the requesting of tenders. This must include a percentage weighting against all CSR criteria - social, environmental and economic for all tenders valued at \$150K or more.
- All vendors will be required to be assessed through CSR criteria if the value is \$150K or above.

Clause 1.43 - *Add Modern Slavery ACT 2018*

Clause 2.3 *We request that the Procurement Policy must be reviewed at least once every two years.*

Clause 4.27 *Under Council's current Procurement Policy, CSR requirements are mandatory with any tenders, EiO or contracts over the value of \$150K-. The Policy aligns with Council resolutions on Declaring a Climate Emergency (18 September 2019), Treaty on Prohibition of Nuclear Weapons (16 October 2019) and other relevant positions including that of a local economic emergency arising from the COVID-19 pandemic.*

Appendix 1 - A process chart to address CSR in tenders, EIO and contracts



Appendix 2 – SMEs and environmental management

A note to suggest some alternatives to ISO 14001¹ - for CoPP when dealing with SMEs:

The article suggests asking three questions:

- How is responsibility for environmental management shared across all functions of your business?
- How do you monitor environmental performance?
- What improvements have you made to environmental performance over the last year and what are your priorities for the coming year?

Doing this will bring a number of benefits including not burdening SMEs or crushing their spirit to act. When this sort of dialogue is opened with suppliers, the process becomes much more collaborative.

¹ ISO14001: loved by procurement, hated by SMEs - <https://www.theguardian.com/sustainable-business/iso-14001-procurement-smes-environmental-management>

Appendix 3

Moreland City Council – Procurement Policy

Environmental Sustainability

To support the achievement of objectives and targets within Council’s environmental strategies, in particular Zero Carbon Moreland, Integrated Water Strategy, Waste and Litter Strategy and Plastic Wise Policy, Council will minimise its impact on the environment by purchasing goods, services and construction which avoid air, water and soil pollution and minimise natural resource and biodiversity depletion. Council will equally consider the environmental performance of all suppliers and contractors and encourage them to conduct their operations in an environmentally sensitive manner.

Depending on the nature of the procurement, specifications for tenders and contracts will contain sustainability content as appropriate to the product or service being procured.

Environmentally sustainable procurement includes but is not limited to:

- Energy/climate change: maximising energy efficiency and reducing greenhouse gas emissions, including the negative impacts of transportation when purchasing goods and services;
- Waste and recycling:
 1. Avoiding unnecessary consumption, reducing waste to landfill and increasing amount of waste recycled;
 2. Prefacing the procurement of services to meet Council’s needs rather than acquiring new physical assets, as appropriate;
 3. Selecting products/services that have minimal effect on the depletion of natural resources and biodiversity (i.e. recycled content within products, no harmful toxins, avoidance of single-use plastics etc);
 4. Using only 100% recycled paper and encouraging less reliance on paper in processes where applicable.
- Water and waterways: reducing potable water consumption, minimising stormwater pollution and improving water management.

Darebin Council

Weightings

Darebin will consider environmental considerations in all purchases and allocate a mandatory weighting set at a minimum of 5% in all tender evaluation criteria. This weighting will be used in conjunction with provisions for social procurement criteria as outlined above.



Sustainable Procurement – Darebin Council

Sustainable procurement involves decision-making that has the most positive environmental, social and economic impacts possible across the entire life cycle of goods and services. It looks beyond up-front costs to make purchasing decisions that consider associated environmental and social risks and benefits, and broader social and environmental implications.

“Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.” (United Nations Environment Programme n.d.)⁷ To view the full definition <http://www.unep.fr/scp/procurement/whatisspp/>

Appendix 4

Darebin Council targets in procurement

Social Procurement KPIs for Contractual Performance Schedule and Contract Management Reviews (Select from the following to match your tender clauses and negotiated outcomes)						
Item	KPI Category	Key Performance Measure	% of KPIs	Threshold	Target	Stretch
1	Social Enterprise and Aboriginal business Participation	Ten percent (10%) of the contract value to be awarded to Aboriginal Enterprises through subcontracting, including a minimum of two (2) contracts	TBA	2	2	4
2	Local Content (All labour)	Percentage (%) of hours worked by the Contractor's personnel sourced from local Darebin Region	TBA	60%	70%	80%
3	Local Content (Employment)	Number of new local employment, education, training, and apprenticeship and trainee opportunities created	TBA	2	4	6
4	Local Content (Employment)	Number of new local Disadvantaged Group employment opportunities created		5	7	10
5	Disability employment	Number of new employment opportunities created for local people with disabilities		2	4	6
6	Social Enterprises	Ten percent (10%) of the contract value to be awarded to Social Enterprises through subcontracting, including a minimum of two (2) contracts	TBA	2	2	4
7	Social Enterprises	Percentage (%) of hours worked by the Contractor's personnel being engaged through social enterprise	TBA	5%	7.5%	10%
8	Sustainability Measures	Measures to be applied on the range of practices adopted by the supplier and/or manufacturer – eg energy use, water use, use of renewables, adoption of recycling practices, accreditations and policies	TBA			

