

## Corangamite Catchment Management Authority Procurement Strategy 2021-2024

### Introduction

The Corangamite Catchment Management Authority's (CMA) vision for the Corangamite region is *Healthy and productive lands and waters cared for and enjoyed by thriving communities*.

The purchasing and procurement practices of the Corangamite CMA are important as they:

- support sound financial management
- ensure trust in government
- ensure that resources are sourced efficiently and effectively
- support the Corangamite CMA deliver on its vision; and
- supports the creation of a *thriving community* by ensuring the Corangamite CMA considers local, environmental and social factors in its procurement.

The procurement strategy provides headline information to align funding, resources and capability with planned procurement activity and objectives by category. It helps to ensure value for money by grouping expenditure and identifying opportunities to change procurement arrangements to better align with the Corangamite CMA's policies, objectives and strategies. It does not outline the governance framework which is outlined in the Corangamite CMA's policies and procedures.

This Procurement Strategy have been developed alongside the development of the Corporate Plan. Procurement planning is reflected in the planning framework of the Corangamite CMA as identified within the Corporate Plan.

A more detailed strategy has been developed by category aligning future procurement against the principles and objectives outlined in this strategy.

### PROCUREMENT FRAMEWORK

The Corangamite CMAs procurement framework is underpinned by high standards of probity, accountability and flexibility.

When applying its procurement and purchasing policies and procedures, Corangamite CMA will ensure that all procurement activity meets the following principles:

The **value for money** of the procurement, taking into account:

- (i) the total benefits and costs over the life of the goods, services or works procured; and
- (ii) environmental, social and economic factors; and
- (iii) any risk related to the procurement

**Accountability:** for procurement commensurate with appropriate levels of authority and responsibility;

**Probity:** through the application of integrity, ethical behavior, fairness and transparency in the conduct of procurement processes;

**Scalability:** so that the procurement governance policies and processes are appropriate and efficient, taking into account the capability of available resources and the complexity of the procurement undertaken.

The Corangamite CMA has established a governance framework commensurate with its procurement profile which will include the following items:

- 1) Roles and responsibilities
- 2) A procurement strategy
- 3) A social procurement strategy
- 4) Complaints management
- 5) Complexity and Capability Assessments
- 6) Market analysis and review
- 7) Market approach
- 8) Contract Management and Contract disclosure

Accountability for the implementation and oversight of the Purchasing and Procurement Governance framework will rest with the CEO and Business and Governance Services General Manager.

### **Social and regional considerations in procurement activity**

The Corangamite CMA is committed to achieving the objectives of Victoria's Social Procurement Framework that aims to ensure value-for-money considerations are not solely focused on price but encompass opportunities to deliver social and sustainable outcomes that benefit the Victorian community.

The Corangamite CMA will incorporate into its procurement processes Social Procurement considerations as outlined in its Social Procurement Strategy.

The Corangamite CMA is a purchaser of goods and services within the Corangamite region and recognises that its procurement policies and practices have the potential to influence the local economy. The Corangamite CMA will seek to support regional suppliers and will incorporate into its procurement processes and procedures. Local sourcing means regional businesses within the Corangamite CMA catchment area.

Social and regional considerations have been factored into the identification and evaluation of suppliers during the procurement process and targets have been set.

### **Environmental considerations in procurement activity**

The Corangamite CMA is committed to minimising the environmental impact of the goods and services purchased to meet its requirements. Corangamite CMA aims to meet this commitment by:

- Purchasing goods and services that have reduced impacts on the environment, compared with competing goods and services that achieve the same function and value for money outcomes
- Defining environmental procurement priorities based on assessment of environmental risks and their ability to influence environmental outcomes
- Considering environmental impact when defining specifications for goods and services

- Assessing the potential environmental impact of entering into a commercial engagement with a supplier, where appropriate.
- Design procurement requirements to enhance environmental outcomes where applicable.

Considering the environmental objectives and performance of the suppliers we buy from (for example Climate Active Certification and ISO 9000/ISO 14000 accredited businesses) A Carbon Action Neutrality Plan has been developed and implemented at the Corangamite CMA and procurement planning and purchasing will support meeting these objectives.

Environmental considerations have been factored into the identification and evaluation of suppliers during the procurement process.

## PLANNING

The procurement strategy will be a planning document that will link to the Corangamite CMA's Corporate Plan and Budget and will involve:

- Reviewing the expected procurement activity
- Reviewing project budgets over a 2-3 year period
- Reviewing performance against procurement targets
- Reviewing spending by Category
- Gathering Market Intelligence
- Undertaking Complexity and Capability Assessments
- Utilising the Complexity and Capability Assessments to assist in identifying sourcing methods
- Identifying actions to change procurement
- Considerations of the Corangamite CMA's Corporate Plan and Social Procurement Strategy
- Evaluation of procurement that are required to move across to the State Procurement Contract.



To support the development of the strategy and provide a profile of procurement, a review has been undertaken on expenditure over the 2019/2020 and 2020/2021 financial years that outlines expenditure by:

- Procurement Category
- Transactional Dates and Amounts
- Local vs Non-Local Suppliers
- Aboriginal Businesses
- Disability Businesses

Overall, it identified that over 98% of transactions were below \$50k for an individual transaction with 1 transaction above \$500k. More detail on the expenditure by size is provided below.

Procurement Size	Baseline Year (16/17)		Last Year (19/20)		Current Year (20/21)	
	Total Value (\$000)	Per Cent (%)	Total Value (\$000)	Per Cent (%)	Total Value (\$000)	Per Cent (%)
Below \$50,000	5,454	71%	4230	66%	3524	69%
\$50,000 to \$75,000	412	5%	907	14%	561	11%
\$76,000 to \$150,000	326	4%	471	7%	239	5%
\$151,000 to \$500,000	1,524	20%	755	12%	162	3%
\$501,000 to \$1,000,000	0	0%	0	0	624	12%
Above \$1,000,000	0	0%	0	0	0	0%

The review further identified the following categories of expenditure and their % of expenditure:

Procurement Category	Baseline Year (16/17)		Previous Year (19/20)		Current Year (20/21)	
	Total Value (\$000)	Per Cent (%)	Total Value (\$000)	Per Cent (%)	Total Value (\$000)	Per Cent (%)
Consultants	1,536	20%	1,631	20%	1,468	17%
Contractors- Works	1,736	22%	2,645	33%	1,947	23%
Landcare- Grants and Incentives	978	12%	864	11%	1,740	21%
ICT Managed Services	414	5%	190	2%	181	2%
Other Organisation Incentives and Grants	696	9%	267	3%	1,198	14%
Landmanager- Grants and Incentives	767	10%	768	10%	383	5%
Contractors- Staffing	112	1%	215	3%	102	1%
Vehicle Costs	370	5%	123	2%	85	1%
Promotion	106	1%	76	1%	92	1%
GIS Services	93	1%	118	1%	53	1%
Education and Training	116	1%	41	1%	18	0%
Utilities	85	1%	56	1%	131	2%
Real Estate	75	1%	64	1%	66	1%
Insurance	83	1%	11	0%	77	1%
ICT Software	63	1%	94	1%	92	1%
Contractors- Works (Other CMA)	88	1%	277	3%	288	3%
ICT Consumables and minor equipment	80	1%	3	0%	11	0%
Office Repairs and Maintenance	54	1%	101	1%	27	0%

Materials - Works	27	0%	26	0%	3	0%
Contractors- Works (Partners)	61	1%	135	2%	112	1%
Auditing	45	1%	28	0%	30	0%
Meeting and Venue	28	0%	25	0%	5	0%
Legal	57	1%	4	0%	19	0%
Catering	56	1%	16	0%	2	0%
Consultants- University	15	0%	88	1%	51	1%
Accommodation	38	0%	24	0%	0	0%
Employment Advertising/recruitment	30	0%	19	0%	4	0%
Cleaning	11	0%	22	0%	32	0%
Stationary and Office Consumables	4	0%	7	0%	4	0%
Other	9	0%	2	0%	7	0%
Staff Amenities	9	0%	7	0%	2	0%
Uniforms	7	0%	7	0%	3	0%
Postage	5	0%	5	0%	3	0%
Security	5	0%	3	0%	4	0%
Waste	1	0%	1	0%	0	0%
Event Transport	0	0%	3	0%	0	0%
Publication Subscriptions	0	0%	1	0%	1	0%

## CAPABILITY DEVELOPMENT PLAN

Staff will be appropriately trained in the procurement requirements of the Corangamite CMA. This will be achieved via:

- An annual training workshop with all Corangamite CMA staff
- An induction and refresher purchasing and procurement training video for staff that include social procurement, contract management and procurement risk management
- The provision of procurement knowledge building resources for staff

Capability will further be developed through membership of Innovation Network procurement groups:

- VGPB Expansion Community of practice
- Government buyer community of practice
- CMA Corporate Services Manager's forum

## **CONTRACT MANAGEMENT PLANNING STRATEGY**

Contract management and contract disclosure is overseen by the Business and Governance Services General Manager, with individual contract managers responsible for individual contract management activity including registering contracts on the contracts register.

Individual contract management includes:

- managing contractual obligations and deliverables
- key milestone reminders
- monitoring spend under the contract
- initiating contract review process
- escalating supplier performance issues if required
- coordinating invoices and payments
- ensuring currency of insurances; qualifications and accreditations at time of engagement and through life of the contract
- Developing a contract management plan for high value complex contracts, depending on contract value and complexity of deliverables.

The CMA has an agency wide approach to contract management that sets out minimum requirements:

- contract management planning for any high value, high risk procurement depending the complexity.
- appropriate contract management capability
- escalation process if required. Any contract issues are escalated to the General Manager Business and Governance Services or the Program General Manager.

## **SUPPLIER ENGAGEMENT PLAN**

Good supplier engagement will assist the Corangamite CMA meet its business objectives.

Developing collaborative and mutually beneficial relationships with existing and potential supply partners delivers greater levels of innovation and competitive advantage than could be achieved through a traditional, transactional purchasing arrangement.

Strong performance is needed on both sides for the partnership to be successful and every Corangamite CMA staff member is responsible for building and maintaining good relationships with suppliers.

It is important to note that the Corangamite CMA will adopt a scalable approach to its supplier engagement that reflects the size and complexity of both the procurement activity and the Corangamite CMA itself.