



CITY OF HOBART PROCUREMENT STRATEGY

2023 – 2027



City of **HOBART**



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INTRODUCTION

Council has a long-term vision to transform the City of Hobart into the world's best small city. In the next ten years, we want to be celebrating Hobart as a vibrant, flourishing world class capital city. Our commitment is to work collaboratively with our city partners and the people who live, learn, work and visit Hobart to bring this vision for our city to life.

The current post pandemic economic climate, climate risks, global and local supply chain issues bring challenges to both the public and private sectors. This means as a Council we need to use our spending power wisely and strategically to ensure that we support the economic, social and environmental needs of our community. Procurement has a key role to play in ensuring that the Council continues to deliver high quality services to the community, supporting the local economy and providing opportunities for businesses to engage with the Council easily and intuitively.

A strategic approach to procurement can achieve significant benefits for Council and the community and should be seen in the context of Council's overall objectives. Whilst Council's procurement activity has been and will remain focused on obtaining goods, services and works that demonstrate best value for money

and managing risk, it is also important that procurement decisions are taken in light of the broader objectives that Council is seeking to achieve, as outlined in the City of Hobart Capital City Strategic Plan 2019-2029.

This strategy will have a particular focus on sustainable, responsible and social procurement. The City realises the importance of procurement as a means of realising a sustainable and circular economy. The City has embedded environmental protection and sustainable procurement principles into sourcing and has implemented the requirement to procure on a sustainable basis including end of product life considerations into relevant Request for Tender and Contracts. Procurement is committed to the City of Hobart Waste Management Strategy 2015-2030 which aims to achieve zero waste to landfill by 2030. While the City has embedded sustainable procurement principles into its Purchasing Policy, a key focus of this strategy is to embed a sustainable procurement policy into all operations.

Partnering with suppliers and enhancing supplier engagement and contract management will be a key feature of this strategy to address supply chain issues.



Through this strategy, the City will focus on social procurement and increasing supplier diversity, employment and business opportunities for First Nations businesses with the development of a First Nations Procurement Plan. Addressing modern slavery in supply chain risk will also be part of this strategy.

This strategy will build upon benefits realised for the community from the first Procurement Strategy 2018-22, which include the enhancement of internal procurement capability, cost savings, a contract management framework, policy and training program, category management and strategic sourcing realising value for money outcomes, increased supplier engagement, enhanced Procure 2 Pay outcomes, economic benefits from the City's Local Preference Procurement Policy and more

effective inventory management practices reducing the cost of inventory held.

The aim of the Procurement Strategy is to ensure the City's procurement activities are compliant with the law and undertaken within the City's policy framework, whilst realising the economic, social and environmental benefits for the City and its communities, aligning with the strategic objectives of the City of Hobart Capital City Strategic Plan 2019-2029.

The Procurement Strategy includes an action plan for the future, which will be monitored and report against annually to the community.

Kelly Grigsby

Chief Executive Officer

PURPOSE

In local government, procurement is governed by a legislative framework which includes the Local Government Act 1993 (TAS) and the Local Government (General) Regulations 2015 (TAS). The Council has approved a Code for Tenders and Contracts, which is available from its website and has adopted various procurement policies, procedures and processes.



Through the adoption of its second Procurement Strategy, the City aims through a focus on sustainable, responsible and social procurement to build upon the benefits achieved from the first strategy and support the City's strategic outcomes by:

- Focussing on the development and embedding of sustainable procurement into operations.
- Embedding responsible and social outcomes in procurement activity.
- Enhancing, and increasing diversity in the City's supply chains.
- Continuing to support and enhance opportunities for local business and industry.
- Engaging proactively with suppliers to ensure maximum value, innovation and support of the local economy.
- Automating procurement processes to maximise efficiency and reduce cost.
- Building capacity and skills within the Council to improve the procurement outcomes for the community.
- Coordinating, streamlining and simplifying procurement processes.
- Promoting safe and fair working practices through procurement.
- Delivering and demonstrating cost savings.
- Continuing to comply with statutory procurement obligations.
- Continually striving to deliver the best possible procurement service to the Council to enable the delivery of key programs, services and infrastructure to the community.

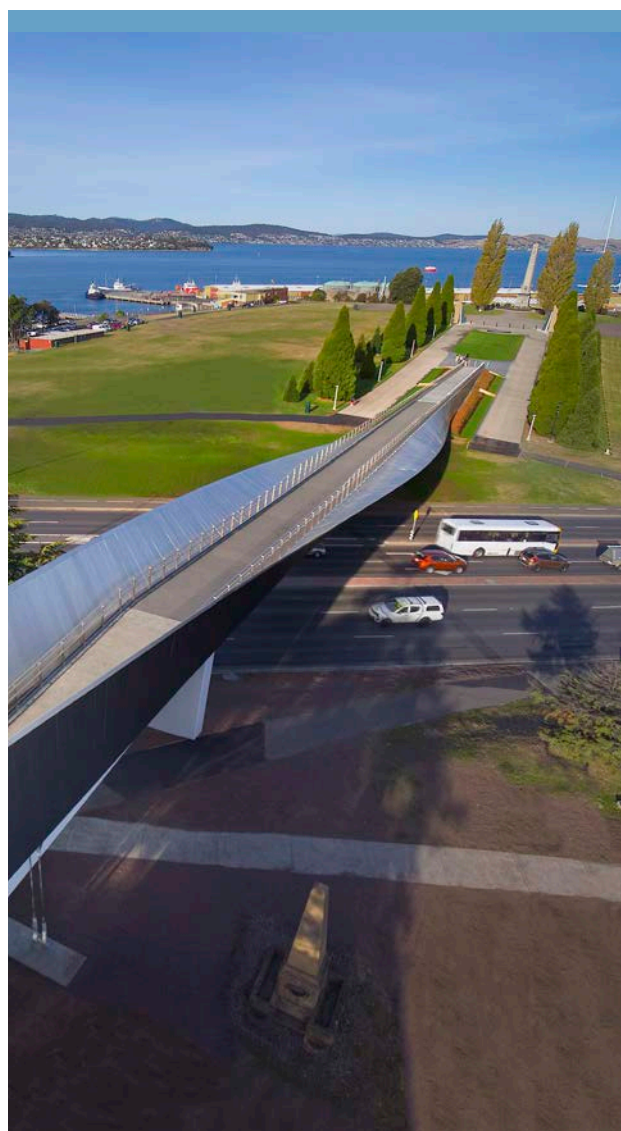
OUTCOMES

The outcomes we want to achieve over the next five years are:

- Embed sustainable procurement into all operations with a focus on addressing climate risks.
- Develop a social procurement framework and outcomes for the community.
- An engaged supplier market with stable supply chains providing economic benefits for local suppliers.
- Increased diversity in the City's supply chains.
- Increase value for money from all procurement activities.
- To support the effective and efficient delivery of Council's priorities and service requirements.
- The reduction of manual and inefficient processes.
- High quality, timely, professional and innovative procurement and contract management advice and support to the organisation.
- Council to be an attractive organisation with which to do business.
- Knowledgeable and skilled Council officers procuring in line with best practice.
- Effective category management to maximise value for money outcomes for the City.
- Continue to comply with legislative requirements and decrease risk to the organisation.

Council will continue to strive for the best possible value (including but not confined to price) for the whole lifecycle of goods, works or services. However, this does not necessitate the selection of the lowest price. In addition, the Council procurement processes will encourage and maintain a competitive, sustainable and diverse marketplace.

Procurement will support the operations of Council by making sure the requirements for goods, services and works are procured in the most effective, ethical, efficient and sustainable way to maximise and deliver successful outcomes that achieve best value for money.



OUR CHALLENGES AND IMPROVEMENT OPPORTUNITIES

AREAS OF FOCUS

- Centre-led procurement model
- Skilled, experienced and professional procurement employees
- Established processes, procedures, templates and tools for use
- Induction and support for Council buyers
- Established contracts and Panel arrangements
- Contract management framework

CONTINUOUS IMPROVEMENT

- Use of systems
- Visibility of procurement spend
- Manual processes
- Purchasing consistency across the business
- De-centralised inventory management
- Procurement planning
- Contract leakage
- Training capacity and approach

OPPORTUNITIES FOR IMPROVEMENT

- Increased value for money and cost savings
- Automation
- Supplier engagement and contract management
- Innovation
- Circular and sustainable procurement
- Visible procurement performance
- Coding and budgeting
- Online training

CHALLENGES

- Global and local supply chain issues
- Contractor availability and capacity
- Climate risk
- Post COVID-19 economic recovery
- System capability and maturity
- Modern slavery supply chain risk
- Large number and varied workforce

PROCUREMENT VISION

The Council has worked with the community to develop a community vision for the City, set out in the document *Hobart: A community vision for our island capital, to guide the City's strategic planning*.

The vision statement is:

- Hobart breathes.
- Connections between nature, history, culture businesses and each other are the heart of our city.
- We are brave and caring.
- We resist mediocrity and sameness.
- As we grow, we remember what makes this place special.
- We walk in fresh air between all the best things in life.

The following procurement vision and mission has been established to support the community vision.

VISION

To work together to deliver procurement solutions that achieve quality services and works that represent value for money for Hobart communities and that achieve and support the City's strategic objectives.

MISSION

Procurement will be an efficient, customer focused, ethical, sustainable and collaborative business function that strives to continuously improve and deliver key benefits for the City.



PROCUREMENT STRATEGY LINK TO CORPORATE STRATEGIES

Procurement has an important role in the delivery of value for money services and in doing so we need to ensure that we align to the Council's priorities and values. Throughout all our activities, we must support the corporate strategies of the City of Hobart.

CAPITAL CITY STRATEGIC PLAN 2019-29

The Capital City Strategic Plan 2019-29 puts the community vision into action. The plan is built around eight pillars from the community vision and will guide the City's work over the next 10 years. Each pillar has outcomes that detail what the City is trying to achieve and the strategy it will use to get there.

Pillar 1 – Sense of place

- Hobart keeps a strong sense of place and identity, even as the city changes.
- Hobart's cityscape reflects the heritage, culture and natural environment that make it special.
- In City decision-making, we consider how different aspects of Hobart life connect and contribute to sense of place.

Pillar 2 – Community inclusion, participation and belonging

- Hobart is a place that recognises and celebrates Tasmanian Aboriginal people, history and culture, working together towards shared goals.

- Hobart is a place where diversity is celebrated and everyone can belong, and where people have opportunities to learn about one another and participate in city life.
- Hobart communities are active, healthy and engaged in lifelong learning.
- Hobart communities are safe and resilient, ensuring people can support one another and flourish in times of hardship.

Pillar 3 – Creativity and culture

- Hobart is a creative and cultural capital where creativity is a way of life.
- Creativity serves as a platform for raising awareness and promoting understanding of diverse cultures and issues.
- Everyone in Hobart can participate in a diverse and thriving creative community, as professionals and hobbyists.
- Civic and heritage spaces support creativity, resulting in a vibrant public realm.

Pillar 4 – City economies

- Hobart's economy reflects its unique environment, culture and identity.
- People have a range of opportunities to participate in the economic life of the city.
- Diverse connections help Hobart's economy, businesses and workers thrive.
- Hobart is a place where entrepreneurs and businesses can grow and flourish.
- Hobart's economy is strong, diverse and resilient.

Pillar 5 – Movement and connectivity

- An accessible and connected city environment helps maintain Hobart’s pace of life.
- Hobart has effective and environmentally sustainable transport systems.
- Technology serves Hobart communities and visitors and enhances quality of life.
- Data informs decision-making.

Pillar 6 – Natural environment

- The natural environment is part of the city and biodiversity is preserved, secure and flourishing.
- Education, participation, leadership and partnerships all contribute to Hobart’s strong environmental performance and healthy ecosystems.
- Hobart is a city with renewable and ecologically sustainable energy, waste and water systems.
- Hobart is responsive and resilient to climate change and natural disasters.
- Hobart’s bushland, parks and reserves are places for sport, recreation and play.

Pillar 7 – Built environment

- Hobart has a diverse supply of housing and affordable homes.
- Development enhances Hobart’s unique identity, human scale and built heritage.
- Infrastructure and services are planned, managed and maintained to provide for community wellbeing.
- Community involvement and an understanding of future needs help guide changes to Hobart’s built environment.

Pillar 8 – Governance and civic involvement

- Hobart is a city of best practice, ethical governance and transparent decision-making.
- Strong partnerships and regional collaboration make Hobart a thriving capital city.
- City leadership is accessible and reflects Hobart communities.
- People are involved in civic life, and the City’s communication and engagement with Hobart communities are proactive and inclusive.
- Quality services are delivered efficiently, effectively and safely.

This strategy will help drive the City’s strategic objectives.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

The City of Hobart’s planning and reporting framework ensures that the Capital City Strategic Plan and Long-term Financial Management Plan are put into action through the City’s Annual Plan and Annual Budget Program.

The City of Hobart Procurement Strategy is a resourcing strategy to support the delivery of the City’s strategic objectives.

PROCUREMENT OBJECTIVES

STRATEGIC OBJECTIVES

The procurement vision and mission have given rise to the following key strategic procurement objectives, categorised as follows:

- 1** Procurement Operations
- 2** Strategic Sourcing and Category Management
- 3** Supplier Engagement and Contract Management
- 4** Sustainable, Responsible and Social Procurement
- 5** Innovation
- 6** Service Delivery and Performance
- 7** Procure to Pay Efficiency
- 8** Optimised Inventory Management

These eight strategic objectives provide the structure and framework from which the City's work and priorities will be planned and implemented over the next five years. Each of the eight strategic objectives are interrelated and is as important as the others in ensuring delivery of the procurement vision and mission.



1 – PROCUREMENT OPERATIONS

- A centre-led procurement model that supports the City to achieve value for money and community benefits aligned with the City's strategic objectives.
- A procurement team with procurement professionals who have appropriate skills and training to perform their roles.
- The City is focussed on best practice procurement.
- A procurement team that is customer and community focussed and enables the creation of programs and services for the community as well as the infrastructure required of a Capital City council.
- An integrated quote and tender program for goods, services and works aligned with the City's project and capital works program.
- Procurement activities are appropriately planned and procurement planning is an integral part of the procurement process.
- A Contract Register that is automated and enables effective contract renewal, extension and variation.

ACTIONS

1.1	Develop and implement a 'People Plan', which includes a training plan for all procurement team members and includes mentoring.
1.2	Keep abreast of professional development opportunities and best practice procurement through peak bodies, government and local government associations.
1.3	Develop a Procurement Communications Plan to ensure widespread awareness of new Contracts, particularly those for common use, opportunities to engage with suppliers and opportunities to input to contract renewals.
1.4	Maintain and enhance the Procurement Portal to ensure a contemporary one-stop-shop accessible to all employees, easy to use and up to date.
1.5	Develop an integrated quote and tender framework for all procurement types that is aligned with the operational and capital works budgets.
1.6	Create and promote a procurement planning and sourcing framework and guidelines, including a Procurement Plan template. Proactively plan the sourcing strategy for key procurements.
1.7	Procure and implement an electronic Contracts Register for the City to replace the manual Contracts Register.

2 – STRATEGIC SOURCING AND CATEGORY MANAGEMENT

- The City leverages its consolidated purchasing power to achieve the best possible value in the marketplace.
- The City has a category management approach that results in lower purchase costs, improved service from suppliers and lower internal costs.
- The City is proactively engaged with the Local Government Association of Tasmania Procurement and uses contracts established by the State Government, the National Procurement Network, Procurement Australia or another council, instead of undertaking its own tender process where value for money outcomes will be achieved.
- Panel arrangements are established where appropriate, refreshed when requirements change and consistently used at Council.
- Sourcing from the City's Panels is done via VendorPanel, the City's online sourcing tool.
- Contracts are packaged in a manner, where possible, which would make tendering more accessible for local suppliers, newly formed businesses, indigenous businesses and the not-for-profit sector.
- Online ordering and online supplier catalogue usage is expanded but not so that this approach discourages local business from being able to supply to Council.
- Tender opportunities are available from one place, on tenderlink.com.au

ACTIONS

2.1	Work with the Local Government Association of Tasmania (LGAT) on contracts for all Tasmanian councils use.
2.2	Review Council's current contracts as they come up for renewal to ensure goods, services and works are bundled appropriately to achieve value for money for the City.
2.3	Reinforce the City's policy position that LGAT / National Procurement Network Contracts, State Government, other council or Procurement Australia Contracts are to be considered first rather than undertaking own tender processes, where value for money outcomes will be achieved.
2.4	Review Panel arrangements, adopt a process for refreshing Panels where effective to do so and ensure panel suppliers have equitable access to business opportunities.
2.5	Implement the eQuotation tool VendorPanel for all of the City's Panel arrangements enabling Council's buyers to seek quotes electronically rather than manually.
2.6	Create common use agreements and/or contracts for Council spend over the tendering threshold or for high risk works.
2.7	Expand the use of online supplier catalogues and purchasing online to improve Council's sourcing activities where appropriate.
2.8	Continue to utilise TenderLink to promote all business opportunities with the City over the tendering threshold.

3 – SUPPLIER ENGAGEMENT AND CONTRACT MANAGEMENT

- The City is an attractive place for suppliers to do business.
- The City actively promotes and engages suppliers on upcoming and future business opportunities.
- Local businesses and suppliers in general are supported through workshops and guidance on how they can do business with Council.
- Contracted suppliers have the opportunity to engage with the City about their service offerings.
- Effective contract management practices are in place at the City of Hobart that enable the realisation of contract benefits.
- It is easy and straightforward for suppliers to bid for Council business opportunities.
- Supply chain issues are minimised through effective, professional supplier relationships and diversity.

ACTIONS

3.1	Hold an annual supplier briefing on the City's upcoming general and project business opportunities once the City's operational and capital works budgets are approved.
3.2	Maintain the currency of the City's forward procurement program of upcoming business opportunities and a running list of awarded Contracts to the procurement area of the City's website.
3.3	Introduce Procurement drop-in sessions for suppliers to engage with City Procurement.
3.4	Provide annual training and coaching sessions to enable suppliers to improve skills on how to bid for Council work.
3.5	Offer all suppliers post contract award the opportunity to present their offering to Council's buyers.
3.6	Create an online contract management training program to complement the face-to-face training already offered to the City's contract managers.
3.7	Review and improve the City's contract management framework and templates, including KPI tools.
3.8	Review the City's Request for Tenders documentation to ensure they are straightforward, easy to complete and allow the Tenderer to focus on the bid.
3.9	Review Council's Conditions of Contract on an annual basis to take legislative change into consideration and to ensure they are appropriate and our terms and conditions don't create a barrier to effective competition from local suppliers or specific groups.
3.10	Continually work with new and existing suppliers on supply chain issues, proactively sourcing alternatives through diverse supply chains.

4 – SUSTAINABLE, RESPONSIBLE AND SOCIAL PROCUREMENT

- The City is committed to procuring sustainably and on a whole of life basis.
- The City procurement activities deliver positive economic, social and environmental outcomes.
- The benefits of sustainable procurement are promoted to all Council's buyers, understood and adopted in procurement and purchasing activities.
- The City supports local businesses and industry thereby encouraging local employment opportunities and generating economic growth.
- The risk of modern slavery in the City's supply chains and operations is managed.
- The City has diverse supply chains.
- The City actively supports economic growth of First Nations businesses and employment opportunities for Aboriginal and Torres Strait Islander peoples.

ACTIONS

4.1	Develop a sustainable procurement policy and embed the City's sustainable position in all procurement operations.
4.2	Develop a social and responsible procurement policy for Council that incorporates the principles of the 'no business in abuse' pledge, enhances diversity and participation in supply chains and leads to economic development and employment opportunities.
4.3	Review Council's current procurement principles in both the Code for Tenders and Contracts and the Purchasing Policy and Guidelines to ensure an appropriate policy position is included on environment protection and sustainability and the City of Hobart Waste Management Strategy.
4.4	Create checklists of the types of things such as packaging, recyclable materials, reused materials and end of life costs that should be considered in procurement activities.
4.5	Review the Council's Local Preference Procurement Policy.
4.6	Develop and implement an approach to managing the risk of modern slavery in the City's supply chains.
4.7	Introduce social clauses into Council's suite of conditions of contract where appropriate.
4.8	Create and implement a First Nations Procurement Policy.

5 – INNOVATION

- Technologies are optimised to streamline procurement processes and improve compliance and information, support Council's buyers and increase access to the procurement function for potential suppliers.
- New ideas and innovations from the market are encouraged and there is a fair and transparent process in place to consider proposals.
- Procurement activities are supported by an integrated set of systems and tools that are fully automated to provide standardised and timely reporting.
- Efficiencies are delivered through innovative ways of working.
- eProcurement is embraced through electronic tendering and quotation systems, electronic payments and ecatalogues.

ACTIONS

5.1	Actively participate in internal reviews of the City's systems to support best practice procurement outcomes..
5.2	Develop an 'unsolicited proposals' policy and approach for the City.
5.3	Review and improve the City's alternative tender process.
5.4	Develop a suite of standardised Power BI reports from the City's financial system that provide real time reporting of procurement expenditure for decision making purposes.
5.5	Promote and lead the implementation of mobile solutions for ordering and procuring operationally.
5.6	Review the City's sourcing, procuring and contracting approach to ensure innovation is appropriately considered.



6 – PROCUREMENT SERVICE DELIVERY AND PERFORMANCE

- Best practice procurement policies and procedures are in place and readily accessible at the City of Hobart.
- All procurement activities are conducted in accordance with legislative obligations, the City of Hobart Code for Tenders and Contracts and the Purchasing Policy and Guidelines.
- Simple and streamlined procurement processes are in place with aspects of the procurement process that do not add value removed.
- Supported and trained employees procure at Council consistently, efficiently and in accordance with Council policy and legislative requirements.
- Informed employees are aware of opportunities to participate in procurement processes and engage with contracted suppliers.
- Procurement performance is reported to the Executive Leadership Team (ELT) on a quarterly basis and enhances decision making.
- Procurement reports to measure the effectiveness of procurement practices and the performance of suppliers are available, run regularly and used to identify areas for improvement.
- Spend outside of Council contracts is reduced.

ACTIONS

6.1	Review the City's Purchasing Policy and Guidelines and provide regular training and awareness to all Council employees to ensure compliant purchasing occurs.
6.2	Review and improve the City of Hobart Code for Tenders and Contracts.
6.3	Conduct an annual review of procurement policies, procedures, templates and approved forms available to Council buyers from the City's intranet.
6.4	Deliver a high-quality training program for employees, as follows: <ul style="list-style-type: none"> • Procurement rules – monthly for new employees or those requiring refresher • RFQ Simple training – quarterly • RFQ Complex training – quarterly • Contract management – monthly • Writing specifications, scopes of work – six-monthly
6.5	Deliver regular procurement inductions for new employees and those seeking a refresher.
6.6	Develop an online training program to complement the face-to-face training above.
6.7	Create a regular procurement communications piece in the City's newsletter for Council employees.
6.8	Report to ELT on the delivery of the procurement strategy and procurement performance on a quarterly basis.
6.9	Report to the community on the benefits achieved from implementation of the procurement strategy annually.
6.10	Promote existing and new Council contracts and procurement services through regular communications to all employees.
6.11	Conduct annual audits of procurement activities to ensure legislative compliance and address the risk of legislative or policy breach.

7 – PROCURE TO PAY EFFICIENCY

- Procure to Pay process compliance is improved including the requirement to raise purchase orders.
- Buying and paying for goods, services and works is easier and less expensive.
- Purchasing card usage is optimized and reconciliations performed in a timely manner.
- Expense claims are consistently made using electronic systems.
- Use of core systems is supported to ensure timely supplier payments.
- Payment methods are standardised where appropriate and customers have access to accessible and flexible payment options.

ACTIONS

7.1	Conduct regular internal compliance audits on the purchasing and accounts payable functions.
7.2	Optimise purchasing card usage for high volume low value expenditure.
7.3	Conduct regular internal compliance audits of the City's purchasing card policy and implement improvements.
7.4	Finalise the roll-out of the City's expense management system to Elected Members.
7.5	Provide regular finance system training for Council's employees.
7.6	Undertake a project to standardise payment methods across Council for a more streamlined customer experience.



8 – OPTIMISED INVENTORY MANAGEMENT

- A centralised system of inventory management is in use at Council.
- A well-managed inventory management system is in place with zero waste.
- Suppliers hold the City's stock on hand and can deliver just in time.
- The level and type of inventory held is visible and optimised.
- Requisitioning key items from stores is efficient and achieves value for money for the City.

ACTIONS

8.1	Implement a centralised inventory management system and processes for all items held in stock across Council.
8.2	Continually review all stock lines currently held at Council so that no unnecessary items are held and maximum and minimum levels are appropriate to support efficient Council operations.
8.3	Implement 'just in time delivery' in consultation with relevant suppliers – delivering direct to work site where applicable and cost effective to do so.
8.4	Review the City's Disposal of Surplus Goods and Equipment policy.
8.5	Promote the sharing of excess goods and equipment
8.6	Implement the use of mobile handheld devices for ordering in the field from a catalogue of approved standard product lines.
8.7	Clean up all storage areas, disposing of Council assets in accordance with Council's asset disposal policy.



MEASURING PROCUREMENT PERFORMANCE

Procurement performance will be measured through a range of procurement compliance and performance reports.

Regular monitoring of procurement activities will be reported to the Executive Leadership Team.

DELIVERING THE STRATEGY

Delivery of the Procurement Strategy will be made through the procurement actions over the five-year period.

REPORTING ON THE STRATEGY

The Procurement Strategy goals and objectives will be monitored and reported to the City's Executive Leadership Team on a quarterly basis to ensure continued alignment with the City's priorities.

A report on the benefits achieved for the community arising from implementation of the Procurement Strategy will be provided to the community annually from the City's website.

STRATEGY UPDATE

The City's Procurement Strategy will be reviewed every two years.



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