

1. BACKGROUND

This policy supports delivery of Councils 'Community Strategic Plan' to grow our reputation as an LGA of choice to live, work and invest.

2. PURPOSE

The Council's Local Preference Purchasing Policy recognises that overall value for money is about the broader economic benefits to the entire Shire, and not just the lowest price. The Council acknowledges that economic benefits flow to all local businesses where Council maximises opportunities for local suppliers to compete for Council's business on the basis of value for money.

The Council's Local Preference Purchasing Policy aims to use Council's procurement actions to encourage and support local suppliers, and support economic activity within the Shire, where it is efficient to do so, while achieving the Council's overall value for money objectives. This approach seeks to maximise overall community benefit for the Shire.

3. POLICY OBJECTIVE

The primary objective of the Local Preference Purchasing Policy is to achieve the best value for money in its procurement of goods and services, where possible giving preference to local suppliers, and non-local suppliers using local content, to support the Council's economic development.

4. LEGISLATION AND FRAMEWORK

This policy is to be read and implemented in conjunction with the following:

- Coonamble Shire Council Sustainable Procurement and Contracts Policy
- Coonamble Shire Council Procurement Procedures
- Local Government Act 1993
- Local Government (General) Regulation 2005 (NSW)
- Community Strategic Plan

Ethics and Conflicts of Interest – Council Officers and Councillors shall refrain from personal activities that would conflict with proper execution and management of Council Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.

5. APPLICATION/SCOPE

All Council Officers and Councillors are accountable for applying this policy within their areas of responsibility.

6. POLICY

To assist local industry and local economic development, the Council shall:

- Encourage a 'local preference purchasing' policy culture within the Council
- Encourage local suppliers to participate in Council business by advertising in the local newspaper and other means considered appropriate.
- Ensure that procurement policies and procedures do not disadvantage local suppliers.
- Ensure transparency in Council procurement practices.
- Encourage use of local suppliers by contractors, whenever goods or services have to be sourced from outside the Shire.
- Consider the non-price value for money considerations set out in this policy; and
- Apply a price preference discount in favour of local suppliers, as set out in the policy.

Non-price value-for-money considerations

Council acknowledges that in assessing overall "value for money", the following non-price considerations should be considered (where relevant) in relation to a Procurement request:

- Availability and access to after-sales service and maintenance.
- Quality, type and availability of goods or services.
- Advantages in dealing with a local supplier, including administrative and operational efficiency.
- The proportion of local content to be supplied.
- Whole of life costs of the purchase or contract.
- Compliance with specifications, guidelines, and requirements.
- The supplier's commitment to supporting local business and the local economy through sub-contracting and other supply arrangements.
- Net benefits to the Shire, including economic benefits; and
- All other factors relevant to consideration of the particular Procurement Request

Price Preference Discounts

For the purpose of comparing the price tendered by local and non-local suppliers, the price preference discounts set out below will be applied and given to:

- local suppliers submitting responses to Procurement Requests which are assessed in relation to this policy; and
- non-local suppliers submitting responses to Procurement Requests, which include use of local content, and which are assessed in relation to this policy.

Local Supplier Discount

For Local suppliers who respond to Council's Procurement Requests, Council will assess their response as if their total net cost bid was reduced by 10%. Therefore, when assessing the quote, a 10% evaluation allowance for local suppliers will be applied.

Local Content Discount

For non-local suppliers who respond to Council's Procurement Requests if at least 25% of the net cost of their response or tender includes or is attributable to local content, Council will assess such response as if the total net cost attributable to local content were reduced by 10%. With discounts limited to a maximum of \$15,000.

Obtaining Discounts

To be eligible for either discount, suppliers must specifically detail and explain in their response to Council's Procurement Request the particular facts upon which they rely to establish their eligibility for the discount and must provide any evidence of such eligibility as reasonably required by the Council.

Procedural matters

All Procurement Requests (Tenders & Quotations) issued by Council must clearly state whether and how a price preference for local suppliers will be applied so that respondents to such Procurement Requests are aware of Local Preference Purchasing Policy prior to responding to the Procurement Request.

For purchases above those limits set under the Local Government Act 1993 requires that a public tender process is undertaken. All "Request for Tender" documents must include a Local Content Statement. This allows tenderers to accurately calculate the local content of their tender. The Tender Evaluation Criteria Matrix will include a mandatory weighting of 10% for local content.

If the Local Preference Purchasing Policy is applied in a procurement process, the community should be notified and advised of the cost to the community of applying the policy by posting details of the successful supplier, the monetary cost of applying the policy (only those discounts exceeding \$5,000), and a brief statement of the rationale

behind the policy on the Council's website within a reasonable time of award of the tender.

Council in its Annual Report shall provide details of all discounts exceeding \$5,000, including details of the successful supplier, the monetary cost of applying the policy.

All Procurement Requests resulting in local preferences being applied must be capable of identification and verification through the Council's audit or internal control mechanism.

Overall local preference

In the event that:

- the net costs bid by a local supplier and a non-local supplier are equal (after calculating any applicable discounts in accordance with this policy)
- both suppliers otherwise meet the criteria and requirements of the Procurement Request; and
- each supplier (and its goods and/or services) is otherwise regarded as being "equal", taking into account the non-price value-for-money considerations set out above,


Preference will be given to the local supplier.

To avoid doubt, normal processes of assessment of non-price considerations still apply, and this policy does not require that the lowest cost tender is necessarily successful. The purpose of this policy is to give preference to local suppliers (compared to non-local suppliers) where all else is equal.

7. DEFINITION

In this policy (unless the context indicates otherwise):

- **Council Staff** – includes full time and part-time Councill officers, and temporary employees, contractors and consultants while engaged by the Council.
- **Local Content** – defined as labour, materials, plant and supervision which are sourced from within the Coonamble Local Government Area
- **Local Supplier** – a business, contractor or industry permanently based in, or employing permanent staff and supplying the quoted service from a permanent premises situated within the Coonamble Shire Council Local Government Area boundaries, for not less than 3 months prior to the date of the procurement request, and registered or licensed in the State of New South Wales.

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