

# Local Preference Policy

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<b>Amendment Date:</b>	21/12/2009, 15/08/2017, 20/09/2022
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<b>Directorate:</b>	City Performance
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## 1. Purpose

To ensure that Council achieves the best 'overall value-for-money' in its procurement of goods and services, while, where possible, giving preference to local suppliers and non-local suppliers to support Shoalhaven Local Government Area (LGA) economic development.

## 2. Statement

- 2.1. The Council's Local Preference Policy recognises that 'overall value-for-money' is about broader economic benefits flowing to the Shoalhaven LGA and not just the lowest price.
- 2.2. Council acknowledges that economic benefits flow to all local businesses where Council maximises opportunities for local suppliers to compete for Council's business based on value-for-money.
- 2.3. The Council's Local Preference Policy aims to use Council's procurement actions to encourage and support local suppliers and support economic activity within the Shoalhaven LGA, where it is efficient to do so, while achieving the Council's overall 'value-for-money' objectives. This approach seeks to maximise overall community benefits for the Shoalhaven LGA.
- 2.4. This policy will provide an opportunity for works to be awarded to those experienced and competent local suppliers operating in competitive markets.

## 3. Provisions

### 3.1. Definitions

In this Policy (unless the context indicates otherwise), **Procurement Request** means Tender under the Local Government Act 1993 or a formal request for quotation to a prescribed panel that equals or exceeds the applicable Tender Threshold Value (S.55 Local Government Act 1993 or Local Government General Regulation 2005).

### 3.2. Policy Implementation

Council encourages a "buy local" culture to assist local industry and economic development by:

- a) encouraging local suppliers to participate in Council business by advertising in local newspapers, Council's website and other means considered appropriate;
- b) ensuring that procurement policies and procedures do not disadvantage local suppliers;
- c) ensuring transparency in Council procurement practices;
- d) encouraging use of local suppliers by contractors, whenever goods or services are to be sourced from outside the Shoalhaven LGA; and
- e) considering the non-price value-for-money considerations set out in this Policy.

### 3.3. 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:

- a) availability and access to after-sales service and maintenance;
- b) quality, type and availability of goods or services;
- c) advantages in dealing with a local supplier, including administrative and operational efficiency;
- d) whole-of-life costs of the purchase or contract;
- e) compliance with specifications, guidelines and requirements;
- f) the supplier's knowledge, experience and ability to fulfil the requirements of the contract or purchase;
- g) net benefits to the Shoalhaven LGA, including economic benefits; and
- h) all other factors relevant to consideration of the Procurement Request.

Notwithstanding the Council's Local Preference Policy, an assessment of responses to a Procurement Request must consider all the above factors, in conjunction with price and locality considerations applied under this policy (unless the minimum non price criteria has not been met).

### 3.4. Non-Price – Local Preference Weighting

For local suppliers who respond to a request, Council will assess the response and local suppliers will receive up to 5% criteria weighting in the non-price criteria in the evaluation process.

The weighting percentage to be applied to the non-price criteria:

Scores to be determined/guides by the following methodology	Weighting
Head business office located in the Shoalhaven LGA* and operates from the Shoalhaven LGA.	5%
A branch in the Shoalhaven LGA* and operates in Shoalhaven LGA.	3%
No business office in Shoalhaven LGA. Employ majority of staff/contractors who reside in Shoalhaven LGA and/or the majority of products and services sourced within Shoalhaven LGA.	1%
Not local. No factors will contribute to local economy, all products and services sourced from outside of the Shoalhaven LGA boundaries.	0%

\* not just the registered address, actual business premises must be located in Shoalhaven LGA

### 3.5. Obtaining Criteria Weighting

To be eligible for the local preference criteria weighting, 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 weighting and must provide any evidence of such eligibility as reasonably required by Council.

For a supplier to receive up to 5% non-price weighting, a tenderer must provide the following information:

- a) Business location (address of main business premises) along with the at least one other supporting document to verify location of business operations such as rates notice if they are the owners of business premises or lease agreement if they rent.
- b) Business size – number of employees. If the business has more than one location, then provide details separately. Identify the number of employees who reside in the Shoalhaven LGA.
- c) Proposed locally sourced materials/services from businesses within the Shoalhaven LGA that will be utilised for the works under the services contract.
- d) Business structure.

Tender evaluation panel will verify information provided by suppliers by using ABN lookup to confirm business head office and branch locations, their knowledge of local businesses and might request any further supporting documentation if required.

### **3.6. Procedural matters**

All Procurement Requests issued by Council that are covered by this Policy must clearly state whether and how a local preference percentage is applied, so that respondents to such Procurement Requests are aware of the Local Preference Policy prior to responding.

All Procurement Requests where local preference percentage is applied must endure identification and verification through Council's audit or internal control mechanism.

Example of the implication of the Policy:

A tender is released, and Council receive 2 submissions, the tendered amount is \$500,000 from both suppliers.

Supplier A is based in the Shoalhaven LGA - head office registered in Shoalhaven LGA, provided all required documentation, including lease agreement for premises in Nowra, employs local residents.

Supplier B is based in and out of the Shoalhaven LGA.

Supplier A will receive the maximum of 5% in the non-price criteria where supplier B will receive a maximum of 1% in the non-price criteria (1% - if employs majority staff/contractors who reside in Shoalhaven LGA, or/and the majority of products and services sourced within Shoalhaven LGA). If all other criteria are equal, then Supplier A will have a higher percentage of the criteria and will be the successful submission.

## **4. Implementation**

This Policy will replace current Local Preference Policy.

## **5. Review**

The Local Preference Policy will be reviewed through the City Performance Directorate:

- Within 12 months of the date of the election of a new Council; or
- Every four (4) years; or
- As directed by Council; or
- A change occurs to legislation that affects the policy.