



# **WEDDIN SHIRE COUNCIL**

**POLICY NUMBER: 1.24.2**

## **POLICY FOR LOCAL PREFERENCE**

**Adopted: 16 March 2017**

## **POLICY FOR LOCAL PREFERENCE (NO.1.24.2)**

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1. **Title:** Local Preference Policy

2. **Number:** Policy Number 1.24.2

3. **OBJECTIVE:**

Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. This objective of this policy is to create a framework that ensures Council gives due consideration to the actual and potential benefits to the local economy of sourcing goods and services locally where possible, whilst maintaining a value for money approach at all times. Locally sourced goods and services will be used where price, performance, quality, suitability and other evaluation criteria are comparable with non-locally sourced goods and services. Locally sourced goods and services are those which are procured from a local supplier or employees based permanently in the Weddin Shire Council area. This policy supports Council's commitment to achieve the best value for money outcome to Council and the community, while maximizing opportunities for local business to compete for Council business.

This policy should be included in all tender documents for the provision of goods and services where local content is to be assessed as part of the selection criteria.

### **RELEVANT LEGISLATION**

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Trade Practices Act 1974
- Fair Trading Act 1987 (NSW)

### **RELATED GUIDELINES AND POLICIES**

- Tendering Guidelines for NSW Local Government
- Council's Procurement Policy
- Code of Conduct

4. **POLICY**

Weddin Shire Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council.

To assist local industry and local economic development, Council will:

- Encourage a 'buy local' culture within the Council;
- Advertise all tenders, contracts and expressions of interest in the Local Paper and by other means as deemed appropriate;
- Make all tenders, contracts and expressions of interest available on Council's website;
- Disseminate contract and tender information to local industry, in a manner deemed appropriate;
- Package requirements in appropriately sized contracts to suit market capacity and encourage competition;
- Ensure that buying practices, procedures and specifications do not disadvantage local suppliers and ensure transparency in quotation, tendering and contract management practices;

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- Encourage local businesses to promote their goods and services to Council;
- Encourage the use of local distributors within the delivery chain whenever goods, materials or services have to be sourced from outside the local government area; and
- Apply a price preference discount in favour of local suppliers, as set out in this policy;
- Set up a register of goods and services local businesses provide.

### **4.1 Value for Money Considerations**

Value for money is a key objective of Council's Procurement Policy. It ensures that Council achieves the best possible outcome for the amount of money spent. Value for money does not necessarily mean selecting the bid that offers the lowest initial price. It represents the best return and performance from the money spent over the entire life of the product or service.

Purchasing decisions will be assessed on a value for money basis whilst giving full consideration to:

- Open and effective competition, ensuring tenders are evaluated on equal footing;
- Ethical behaviour and fair dealing;
- Compliance with specifications, guidelines and requirements
- The advantages of dealing with local businesses including local knowledge, networks and relationships, administrative and operational efficiencies, availability and access to after sales service and maintenance;
- The supplier's knowledge, experience and ability to fulfill the requirements of Council; • Meeting the needs of the community;
- Local content;
- Whole-of-life cycle costs;
- Compliance with and capability to satisfy technical specifications, guidelines and other requirements such as financial capacity, industry reputation, and quality and safety systems;
- The supplier's commitment to supporting other local businesses through their subcontracting and supplier arrangements;
- Net benefits to Council including the benefits of maintaining an ongoing, innovative and competitive local business environment, including economic benefits and employment;
- Environmental protection; and
- Job creation potential.

Overall, the value for money assessment must deliver quality outcomes at competitive prices, whilst recognising the impact of procurement decisions by Council on local industry and economic development. Notwithstanding this policy, assessments in the selection criteria must also consider all of the above factors in conjunction with price and locality considerations.

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**4.2 Local Content Price Preference**

A local price preference will apply to all tenders invited by Council for the supply of goods and services and construction services, unless Council resolves that this policy not apply to a particular tender. The amount and or type of local content is assessed using the selection criteria framework, together with a weighted score system of assessment.

For the purposes of selecting the successful supplier tendered by local and non-local suppliers, the following levels of price preference discounts will be applied under this policy;

**Examples:**

**OPTION 1:**

Bid/Quote A	\$9,750 (non-local supplier)	No preference is applicable	\$9,750
Bid/Quote B	\$10,000 (local supplier)	5% price discount applied (\$500)	\$9,500

**OPTION 2:**

- Purchases up to \$5,000 with local content given 10% discount
- Purchases from \$5,000 - \$50,000 with local content given 5% discount
- Purchases over \$50,000 up to \$150,000 with local content given 3% discount

The above discounts may also apply to suppliers based outside the Weddin Shire Council area where such suppliers:

- Use goods, materials or services of a significant amount via sub-contracts that are sourced within the Weddin Shire Council area. The discount applies to the value of the goods, materials or services sourced and used from the local government area; or
- Can demonstrate the use of locally sourced products and services as opposed to using products and services from outside the Weddin Shire Council area.

Normal processes of assessment of non-price considerations still apply, and this policy does not necessarily meant that the lowest tender will be successful. The purpose of the policy is to give preference to local suppliers compared to non-local suppliers, where all else is equal.

**5. COMPLAINTS**

Any complaints in relation to the application of this policy should be made in writing to the General Manager.

**6. VARIATION**

Council reserves the right to vary the terms and conditions of this policy, subject to a report to Council.