



1. BACKGROUND

Councils often have a significant role in local and regional economic development. This may include consideration of local supply issues and focused employment participation policies.

The implementation of local preference policies is not necessarily inconsistent with the principles of National Competition Policy. However, the use of local preference in the evaluation of tenders and awarding of contracts possesses inherent risks in terms of anti-competitiveness and the maintenance of defensibility, accountability and probity.

2. PURPOSE

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

3. POLICY OBJECTIVES

The purpose and scope of this policy is to provide consistent direction and guidance to all staff when undertaking activities in line with the sound procurement and contracting principles included in the *Local Government Act 1993*:

- Value for money
- Open and effective competition
- Development of competitive local business and industry
- Environmental protection and
- Ethical behaviour and fair dealing.

4. LEGISLATION

The Policy relates to the following:

- *Local Government Act 1993*
- Local Government (General) Regulations 2021
- Competition and Consumer Act 2010 (Cth)
- NSW Tendering Guidelines 2009
- Council's Procurement Policy
- Council's Procurement and Contract Management Guidelines
- Council's Code of Conduct

5. APPLICATION/SCOPE

Council is committed to the principle of the development of competitive local business and industry when entering:



- Contracts for the supply of goods or services
- Contracts for carrying out of works and
- The disposal of assets.

Council recognises that overall value for money is about the broader economic benefits to the Shire, and not just the lowest price. It acknowledges that economic benefits flow to all local businesses where Council maximises opportunities for local suppliers to compete for Council's business. This supports the growth and prosperity of the Council area. Council aims 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. For this purpose, Council will either use a Pricing Preference Concession or Pricing Preference Assessments based on the estimated cost of the Procurement Request.

6. POLICY

6.1. Roles and Responsibilities

The following table outlines the roles and responsibilities of personnel. Noting that the position titles may change, however, the responsibilities remain the same.

Roles	Responsibility
The Elected Council	The elected Council are responsible for the overall governance of the policy. This may include assessments of tenders against the Local Preference Policy criteria.
General Manager	The General Manager is responsible for the overall control and implementation of the Policy.
Director Corporate Services	The Directors Corporate Services is responsible for the review of this policy every three years.
General Public	The general public must act in accordance with this policy and abide by any determination made as a result of this policy.

6.2. Development of Competitive Local Business and Industry

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

- encourage a "buy local" culture within the Council
- encourage local suppliers to participate in Council's web-based procurement portal VendorPanel



- ensure that procurement policies and procedure do not disadvantage local suppliers
- ensure transparency in Council procurement practices and
- consider the Non-Price Value for Money Considerations set out in this policy.

6.3. Non-Price Value for Money Considerations

Council acknowledges that in assessing 'overall value-for-money', the following non-price considerations should be taken into account (where relevant) in relation to a Procurement Requirement:

- (a) availability and access to after-sales service and maintenance
- (b) quality, type and availability of goods and services
- (c) advantages in dealing with a local supplier, including administrative and operational efficiency
- (d) the proportion of local content to be supplied
- (e) whole-of-life costs to the purchase or contract
- (f) compliance with specifications, guidelines and requirements
- (g) the supplier's knowledge, experience and ability to fulfil the requirements of the contract or purchase
- (h) the supplier's commitment to supporting local business and the local economy through sub-contracting and other supplier arrangements
- (i) net benefits to the Council area, including economic benefits and
- (j) all other factors relevant to consideration of the Procurement Requirement.

Notwithstanding the Council's Local Preference policy, an assessment of responses to a Procurement Requirement must consider all the above factors, in conjunction with price and locality considerations.

6.4. Pricing Preference Concessions

A local Pricing Preference Concession system will apply to all purchases up to the value of \$250,000 (Net Cost) invited by Council for the supply of goods and services.

To comparing prices submitted by local and non-local suppliers, the Pricing Preference Concessions set out below will be applied and given to:

- (a) local suppliers submitting responses to Procurement Requests, which are assessed in relation to this policy and
- (b) non-local suppliers who respond to Council's Procurement Requests, which include use of local content, and which are assessed in relation to this policy.



For the purposes of evaluating and selecting the successful supplier, either local or non- local, the following levels of Price Preference Concessions (on the local content only) will be applied under this policy:

- Purchases up to \$5,000 with local content will be given a 10% concession
- Purchases from \$5,001 - \$50,000 with local content given a 5% concession
- Purchases from \$50,001 - \$250,000 with local content given a 3% concession.

6.4.1 Obtaining Concessions

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

6.4.2 Procedural Matters

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

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

All Procurement Requests must be given local preference considerations.

6.4.3 Overall Local Preference

In the event that:

- (a) the Net Costs bid by a local supplier and non-local supplier are equal (after calculating and applicable concessions in accordance with this policy)
- (b) both suppliers otherwise meet the criteria and requirements of the Procurement Request and
- (c) each supplier (and its goods and/or services) is otherwise regarded as being 'equal', considering the non-price value-for-money considerations set out above, then 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 submission 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.



6.4.2 Pricing Preference Assessments

For Procurement Requests of \$250,000 and above (Net Cost), Council encourages the use of local businesses in the implementation of the works, with Local Participation to be included as a measurable criterion when submissions are being evaluated to determine a successful supplier. This criterion will form part of a predetermined 100-point Assessment Criteria which allow appropriate evaluation of submissions received.

Prospective contractors over one million dollars of works, will be required to submit a Local Participation Strategy and Plan and detail any binding commitments to engage local contractors, businesses or personnel. For works over \$250,000 but under one million dollars, Council may require Participation Strategy and Plan details.

In evaluating the tenders, the Assessment Panel will consider, in the following order of preference, the following binding commitments:

- to engage contractors, businesses or personnel within the Weddin Shire Council Local Government area (tenders with higher values of local spend will be considered more favourably in relation to this criteria)
- to engage contractors, businesses or personnel within the Weddin Region of Councils (tenders with higher values of local spend will be considered more favourably in relation to this criteria) and
- to facilitate processes to enable local contractors, businesses and personnel to submit offers for services (tenders which demonstrate a higher likelihood of engaging local resources will be given preference).

For assessment purposes, the 'Local Participation' criterion will be limited to a maximum of 10 points; that is, this criterion is not to exceed 10% of the total 100-point Assessment Criteria.

7. COMPLAINTS

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

8. VARIATIONS

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



9. DEFINITIONS

Key Terms	Meaning
Concession	The application of a percentage-based 'reduction' of the pricing of any submissions deemed to comply with the above 'local content' and/or 'local supplier' definitions.
Council	Weddin Shire Council
Local Content	Goods or services procured from a local supplier identified as permanently trading in the Weddin Shire Council local government area (LGA)
Local Supplier	A business, contractor or industry either permanently based in, or employing permanent staff operating from, permanent premises situated within the Weddin Shire LGA boundaries for not less than six months prior to the date of the Procurement requirement, and registered or licensed in NSW.
Net Cost	In relation to a quotation, tender or expression of interest, the total amount quoted or offered by a supplier for the supply of goods or services, including any freight or delivery charges, and any discounts or rebates offered by the supplier but excluding GST.
Procurement Request	Either a Request for Tender (RFT) or a Request for Quote (RFQ), both written and verbal.
Submission	Means any form of submitted price proposal from a prospective supplier, including those received under the Tendering regulations under the <i>Local Government Act 1993</i> .



Title: Local Preference Policy		
Department: Corporate Services		
Version	Date	Author
1.24.2	16 March 2017	General Manager
Draft – 01.24.03	15 May 2025	Finance and Governance Specialist
01.24.03	15 May 2025	Adopted Resolution 089/25
<p>This policy may be amended or revoked at any time and must be reviewed at least three (3) years since its adoption (or latest amendment). The Director Corporate Services will be responsible for the review of this policy. Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guideline.</p>		
Review Date: TBC		
Amendments in the release		
Amendment History	Date	Detail
Draft to Council	15 May 2025	Review of the earlier policy of 16 March 2017.
Annexure Attached: Annexure 1 - Implementation		
Noreen Vu General Manager		



ANNEXURE 1 - Implementation

Examples of how the policy may be implemented are shown below.

Example 1

A tender for a contract attracts the following bids:

a) Bid A of \$490,000 (Net Cost) is received from a non-local supplier, which includes local content of \$150,000. Since local content comprises more than 25% of the Net Cost, a 5% concession applies to the local content component of the bid. The discounted total Net Cost of the bid is therefore \$482,500 for evaluation purposes.

b) Bid B of \$497,500 is received from a local supplier. A 5% concession applies to the total Net Cost of the bid. The discount is limited to the maximum discount of \$15,000. The total discounted Net Cost of the bid becomes \$482,500 for evaluation purposes.

The Price Preference Concessions are applied as follows:

Tenders Received	Preference	Calculation	Total Bid for Evaluation Only
Bid A – (Non-Local Supplier) \$490,000	5% price discount is applied to the local content	Less 5% of \$150,000 = \$7,500	\$482,500
Bid B – (Local Supplier) \$497,500	5% price discount is applied to the local content.	Less 5% of \$497,500 = \$24,875. Limited to \$15,000	\$482,500

As Bid B comes from a local supplier, and on the basis that all other considerations were equal, Bid B is successful even though the evaluation prices were equal.

Price paid Bid B is the originally tendered \$497,500, thus costing the Council a notional \$7,500 (i.e. Council could have purchased from the non-local supplier for \$490,000) to utilise a local supplier.

Example 2

A submission for the supply of goods and services attracts the following bids:

(a) Bid A of \$9,750 (Net Cost) is received from a non-local supplier, which is using non-local supplies and services. No Price Preference Concession applies.

(b) Bid B of \$10,000 (Net Cost) is received from a local supplier. A 5% price preference concession applies, amending the submitted price to \$9,500 for evaluation purposes only.

The Price Preference Concession is applied as follows:



Submissions Received	Price Preference Concession	Calculation	Total bid for evaluation purposes only
Supplier A – Non-Local	No Concession	N/A	\$9,750
Supplier B - Local	5% price preference concession applied	Bid of \$10,000 less 5%	\$9,500

Supplier B would be successful subject to all other considerations being equal. Council to pay the originally tendered amount of \$10,000.