



Policy

81 LOCAL PREFERENCE POLICY

Version 02

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Strategic Outcome: Good government

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Responsible Officer: Director Corporate Services

1. POLICY STATEMENT

Berrigan Shire Council, as identified in its Procurement and Disposal Policy adopted in 2013 and its overall Procurement Framework, has an obligation to achieve best value when procuring goods and services.

Equally, in its Economic Development Strategy adopted in 2012, Berrigan Shire Council has committed to:

Drive, through stimulation and facilitation, significant and sustainable growth within and across the Shire's geographic area.

The Council's Procurement and Disposal Policy states that:

The Council has a legislative and ethical responsibility to be fair and even-handed in its treatment of suppliers and potential suppliers. However there are circumstances where it may be appropriate to prefer the use of local suppliers

This policy sets out the circumstances where it may be appropriate to use its procurement function to assist and support local business and the local economy and the manner in which the Council provide preference.

Preference to local suppliers will only be considered where it is consistent with furthering the objectives of the Council's Community Strategic Plan.

2. PURPOSE

The purpose of this policy is to ensure the 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 best value approach at all times.



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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.

3. SCOPE

This policy covers:

1. Purchases made through the Council's formal tender process, and
2. Quotations for building construction works over \$50,000.

It does not include purchases under \$50,000 or purchases made through pre-qualified contracts via a prescribed organisation.

4. OBJECTIVE

This policy is developed to assist the Council with Delivery Plan Objectives 2.2.2 and 4.2.2

Council operations support ethical, transparent and accountable corporate governance

Support local enterprise through economic development initiatives

5. DEFINITIONS

Best Value: Best value represents the best return and performance for the money spent on procurement of goods and services.

Best value is not simply the best price. In determining what best value is, Council officers must consider:

1. price
2. "whole of life" and other ongoing costs
3. fitness for purpose
4. suitability
5. availability and timeliness
6. prior performance
7. statutory compliance
8. and work health and safety



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Concession: the application of a percentage-based 'reduction' of the pricing of any submissions deemed to comply with the 'local content' and/or 'local supplier' definitions.

Council Officer: Any person authorised by the Council to purchase goods or services or dispose of goods on behalf of the Council. This includes employees, volunteers, Councillors and other agents acting on behalf of the Council.

Local content: means goods or services procured from a local supplier or employees living permanently in Berrigan Shire.

Local supplier: a business, contractor or industry either:

- (i) permanently based in Berrigan Shire, or
- (ii) employing permanent staff residing in Berrigan Shire.

For the avoidance of doubt, all suppliers within Berrigan Shire will be treated equitably, regardless of their location within Berrigan Shire – i.e. Barooga suppliers will not be treated preferentially to suppliers elsewhere in Berrigan Shire for works in Barooga etc.

Nett cost: means, 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 excluding GST.

Request for purchase: Quotations and/or a Tender under the *Local Government Act 1993* and Council's Tender Policy

Prescribed organisation: An organisation listed in Clause 163(1A) of the Local Government (General) Regulation 2005. The Council is permitted to use contracts prepared by these organisations to obtain goods and services without having to seek tenders.

Procurement: The process involving all activities following the decision that a good or service is required. It involves the acquisition of goods and services and the disposal of goods.

Quotation: A quotation is the estimated or actual market price of the supply of a work, good or service supplied to Council by a supplier after a verbal or written request from a Council Officer.



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6. POLICY IMPLEMENTATION

6.1. General principles

To further the purpose of this policy, the Council will:

1. encourage a 'buy local' culture within the Council, where local providers can meet "best value requirements"
2. encourage and support local suppliers to participate in Council business by use of the Council's VendorPanel process and other appropriate processes;
3. encourage and support local businesses to adopt suitable Work Health and Safety, Quality Assurance and other processes to meet the Council's procurement requirements
4. ensure that as far as practicable procurement policies and procedures do not disadvantage local suppliers;
5. ensure transparency in Council procurement practices;
6. consider the non-price best value considerations set out in this policy; and
7. apply a concession in favour of local suppliers, as set out in this policy

6.2. Overall preference

Preference will be given to the local supplier in the event that:

1. the net costs bid by a local supplier and non-local supplier are equal (after calculating any applicable concession in accordance with this policy);
2. both suppliers otherwise meet the criteria and requirements of the Procurement Request; and;
3. each supplier (and its goods and/or services) is otherwise regarded as being 'equal', taking into account the non-price best value considerations

6.3. Concessions

6.3.1. Comparison of local and non-local suppliers.

For the purposes of comparing the price tendered by local and non-local suppliers, the concession set out below will be applied and given to local suppliers submitting responses to requests for purchase which are assessed in relation to this policy.



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6.3.2. Local supplier concession.

Where the cost of a local supplier's offer is to be compared with one from outside the area, the local supplier's nett cost will be reduced by a set percentage for the sake of cost comparison.

A maximum concession will apply to each procurement request. Where the concession calculated by use of the percentage is greater than this amount, the maximum concession will apply.

Concession percentage	5%
Maximum concession	\$15,000

6.3.3. Obtaining concessions

To be eligible for either concession, suppliers must specifically detail and explain in their response to Council's request for purchase the particular facts upon which they rely to establish their eligibility for the discount.

Suppliers must, upon request, provide any evidence of such eligibility as reasonably required by the Council.

6.3.4. Notification to potential suppliers of goods and services

All procurement requests issued by Council must clearly state whether and how a local supplier concession will be applied so that respondents to such procurement requests are aware of Council's Local Preference Purchasing Policy prior to responding to the procurement request.

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

6.4. Tenders

A local supplier concession 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.



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6.5. Tenders via prequalified contracts

A local supplier concession will **not** apply where the Council uses a prequalified supplier via a contract from a prescribed organisation in lieu of requesting a tender in its own right, even if the supplier is a local organisation.

6.6. Complaints

Complaints regarding procurement processes will be considered on a case by case basis and investigated where necessary and in accordance with Council policy.

Feedback on supplier performance in general will be included on the supplier's file within Vendor Panel, and will be used as an evaluation tool for Council's Preferred Supplier's List.

7. RELATED POLICIES OR STRATEGIES

7.1. Legislation

- *Local Government Act 1993*
- *Local Government Act 1993*
- *Local Government Regulation 1994*

Council policies and guidelines

- Berrigan Shire 2023 – Community Strategic Plan
- Berrigan Shire Council Local Environmental Plan
- Berrigan Shire Council Economic Development Plan
- Berrigan Shire Council Risk Management Policy and Framework
- Berrigan Shire Council Code of Conduct
- Berrigan Shire Council Resourcing Strategy
- Berrigan Shire Procurement and Disposal Policy
- Berrigan Shire Fraud Control Policy
- Berrigan Shire Tender Policy