

Local Preference Policy

2022



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	22 June 2022	Inclusion of Threshold \$250,000 and inclusion of Pricing Preference Assessment criterion
D19/10343	25 September 2019	Review and conversion to new Template [Res. 3380]
	27 March 2013	New Policy [Res. 233]

Further Document Information and Relationships	
Related Legislation*	<i>Local Government Act 1993 Local Government (General) Regulation 2021 Competition and Consumer Act 2010 (Cth)</i>
Related Policies	Procurement Policy 2021
Related Documents	NSW Tendering Guidelines 2009 Code of Conduct Statement of Business Ethics Procurement and Contract Guidelines (in progress)

**Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

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1. POLICY OBJECTIVE

The primary objective of the Local Preference 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 Liverpool Plains Shire economic development.

2. PURPOSE AND SCOPE

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.

3. DEFINITIONS

In this policy (unless the context indicates otherwise):

Concession	Means 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	Shall mean Liverpool Plains Shire Council
Local Content	Goods or services procured from a local supplier identified as permanently trading in the Liverpool Plains 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 Liverpool Plains Shire LGA boundaries for not less than six months prior to the date of the Procurement requirement, and registered or licensed in NSW. mea
LPSC	Liverpool Plains Shire Council

NAMOI Region of Councils	Shall mean the broader region outside of the Liverpool Plains Shire Council boundaries. Councils which fall under this region are Armidale Regional Council, Glen Innes Severn Council, Gunnedah Shire Council, Gwydir Shire Council, Inverell Council, Moree Plains Shire Council, Narrabri Shire, Tamworth Regional Council, Tenterfield Shire, Uralla Shire and Walcha Council.
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 Local Government Act 1993.

NOTE: If subsequent investigations by Council prove that false declarations were made and the organisation should not be considered a "Local Supplier" then the "Local Preference" policy will not continue to apply to the supplier.

4. POLICY STATEMENT

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 maximise 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.

4.1 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.

4.2 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.

4.3 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.

For the purpose of 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 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.

4.3.1 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.

4.3.2 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.

4.3.3 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.

4.3.4 Implementation

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

Example: 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 within the LGA. A 5% price preference concession applies to the net cost, amending the submitted price to \$9,500 for comparison purposes only.

The local 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 will be successful subject to all considerations being equal. Council to pay the amount of \$10,000.

4.4 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 comparison 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 these binding commitments in the following order of preference:

- Binding commitments to engage contractors, businesses or personnel within the Liverpool Plains Shire Council Local Government area (tenders with higher values of local spend will be considered more favourably in relation to this criteria);
- Binding commitments to engage contractors, businesses or personnel within the Namoi Region of Councils (tenders with higher values of local spend will be considered more favourably in relation to this criteria); and
- Binding commitments 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.