



## **1. ASSETS**

Policy 1.7

### **LOCAL PROCUREMENT**

**Version 1**

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## 1.7 LOCAL PROCUREMENT

### OBJECTIVE:

This Policy aims to strengthen council's commitment to buying local and in turn support the local economy. Council will actively procure suitable services, goods and materials locally where possible whilst ensuring the achievement of best value, financial and legislative responsibilities. To ensure compliance with the Competition and Consumer Act 2010, the Policy is not applicable to any circumstance where the Council is carrying out a business.

### BACKGROUND:

This policy has been developed to enact Min. No. 21-69 (ordinary Meeting of Council held on 22 March 2021), in part:

*Council support the development of a Local Procurement Policy for purchasing and tendering, such a policy be limited to the provisions suggested in this report.*

This Policy should be read in conjunction with the Tendering Guidelines for NSW Local Government and in consideration of Councils legislative obligation under clause 178 of the Local Government (General) regulation 2005 to "accept the tender that, having regard to all the circumstances, appears to it to be the most advantageous".

### DEFINITIONS:

Term	Definition
Best value	Overall value for money is determined by considering all the factors that are relevant to the proposed contract and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. These are all factors that can make a significant impact on benefits and costs. Value for money does not automatically mean the 'lowest price'.(reference OLG Tendering Guidelines)
Council	Lithgow City Council
Local Supplier	A business that operates from a permanent business address within the boundaries of the Lithgow City Council Local Government Area (LGA) for a minimum period of twelve (12) months before submitting the quotation or tender. Council reserves the right, however, to exclude a pop up shop or basic shop front from qualifying as a local supplier.

### RELATED POLICIES AND LEGISLATION

- Local Government Act 1993
- Local Government General Regulations (2005)
- Australian Competition and Consumer Commission Competition and Consumer Act 2010
- Australian Consumer Law 2011
- NSW Fair Trading Act 1987
- Government Information (Public Access) Act 2009
- Office of Local Government Tendering Guidelines
- Policy 1.4 Tendering

**SCOPE:**

Council has a responsibility through its expenditure of public funds to achieve best value in procurement whilst recognising the broad benefits to the Local Government Area (LGA) that flow from purchasing locally. Council will seek to maximise opportunities for local suppliers to compete for Council's business.

This Policy, where possible, aims to use Council's procurement undertakings to encourage and support local suppliers and economic activity within the LGA while achieving Council's best value objectives to maximise the overall community benefit from the expenditure of public funds.

The objective of this Policy is to create a framework that ensures Council gives due consideration in all procurements to the benefits of supporting local business by sourcing locally where possible. Council is committed to supporting the local economy and enhancing the capability of local business and industry, by working with local suppliers to improve their capacity to meet Council's requirements and compete effectively in the tender or quotation process to win Council work.

**POLICY:**

This Policy will be referenced in all requests for quote and tender.

Council is committed to buying from local business where such purchases may be justified on value for money grounds and when the benefit is identifiable and reasonable.

For quotations, Council must seek at least one quote from a local supplier where possible or practical. There will be instances where local suppliers cannot deliver particular goods or services, in which case Council will seek quotes from non-local suppliers.

Council recognises the positive impact on local communities, encouraging regional and local firms to grow and to generate employment opportunities.

For the purpose of this Policy a qualified local supplier is defined as:-

*A business that has a physical presence and operates from a permanently staffed address within the boundaries of the Lithgow City Council Local Government Area (LGA) for a minimum period of twelve (12) months before submitting the quotation or tender. Council reserves the right however to exclude a pop up shop or basic shop front from qualifying as a local supplier.*

The onus of proof will be on the local supplier to provide supporting evidence to establish their local supplier qualification under the terms of this Policy.

The Local Procurement Policy provisions are as follows:-

**Procurement up to \$100,000 – one local quote and price concession**

Local suppliers will be given up to 5% price concession (i.e. maximum concession of \$5,000). Council must seek at least one quote from a Local Supplier where practical. This may include a schedule of rates provided prior to quotations being sought for a good or service. Pricing from a panel contract may also be used.

**Procurement from \$100,000 up to \$250,000 – one local quote and price concession**

Local suppliers will be given up to 2.5% price concession (i.e. maximum concession of \$6,250). Council must seek at least one written quote (of 3 quotes required) from a Local Supplier where practical. Pricing from a panel contract may also be used.

**Tenders \$250,000 and greater –price concession**

Up to 2.5% will be included in the weighted non-price selection criteria score, provided that the supplier meets the local business definition or at least 50% of the total number of any sub-contractors used are qualified local suppliers. The maximum price concession would be set at \$10,000 to ensure that there is no material disadvantage to Council in the case of high value tenders.

In the event that the net bid by a local supplier and a non-local supplier are equal after calculating any applicable local supplier advantages under the terms of this Policy and both suppliers otherwise meet the requirements of the procurement request, taking into account both price and non-price considerations as determined under this Policy, preference will be given to the qualified local supplier.

In the event that a joint tender submission is received that involves a qualified Local Supplier it will be the lead tender business only that may access the provisions of this Policy.

**GOVERNMENT CONTRACTS:**

Council is able to utilise Government contracts under the Local Government Act 1993. Prescribed entities Local Government Procurement Partnership Panel (LGP) and Procurement Australia tendered panel contracts provide this option. Using the LGP as a procurement option, serves a purpose in achieving best value by reducing administration costs for both council and suppliers. In keeping with the intent of this Policy, Council will purchase from suppliers under Government contract within the same terms of this Policy.

**MONITORING:**

It is noted that the ICAC has previously published its findings into research it undertook into Local Preference practices/policies by Local Government. This policy acknowledges the findings and requires that Council be precise about the local preference rule and includes it in tender documentation.

Council will monitor the cost and utilisation of the policy over the 12-month period following adoption of the policy by Council and report any material cost increase to Council. Council will also monitor any adverse impact on competitiveness as recommended in the ICAC report.

**LOBBYING OF COUNCILLORS AND COUNCIL STAFF:**

Contacting Councillors or Council staff other than the designated contact person directly will automatically disqualify an interested party from all Tender or EOI processes.

<b>Maintained by Department:</b>	Finance & Assets	<b>Approved by:</b>	Council		
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