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## LOCAL PREFERENCE POLICY

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*Version 4 Adopted on 20/11/2019 by Council Resolution 1119/026*

### 1. PURPOSE AND SCOPE

The policy's purpose and scope is to provide consistent direction and guidance to all officers when undertaking procurement activities in line with the sound contracting principles included in the *Local Government Act 2009*:

- value for money;
- open and effective competition;
- the development of competitive local business and industry;
- environmental protection; and
- ethical behaviour and fair dealing.

### 2. REFERENCE

- Local Government Act 2009
- Local Government Regulation 2012
- Trade Practices Act 1974 Competition and Consumer Act
- Employee Code of Conduct
- Carpentaria Shire Council Procurement Policy

### 3. DEFINITIONS

**CEO** shall mean *Chief Executive Officer* - a person who holds an appointment under section 194 of the *Local Government Act 2009*. This includes a person acting in this position

**CSC** shall mean *Carpentaria Shire Council*

**Council** shall mean *Carpentaria Shire Council*

**Employee** shall mean a *Local Government Employee*, including:

- a. the Chief Executive Officer; or
- b. a person holding an appointment under section 196 of the *Local Government Act 2009*

**Local** shall mean an entity or individual physically located within the Carpentaria Shire Council boundaries.

**Registered Business** shall mean a company or entity as defined by the Australian Securities and Investment Commission (ASIC) and that also appears as "Active" in the ASIC Business Name Register and as amended from time to time.

**The Act** shall mean the *Local Government Act 2009* (as amended)

**The Regulation** shall mean the *Local Government Regulation 2012* (as amended)

**Whole of Life Cost (WoL)** shall mean the total of all costs over the life of the good/service/work (i.e. acquisition, maintenance and disposal costs)

## 4. POLICY STATEMENT

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

- contracts for the supply of goods or services;
- contracts for the carrying out of works; and
- the disposal of assets.

For this purpose, if an expression of interest, tender or quotation is evaluated and all things being equal it is Council's preference to engage local suppliers to assist in increasing their competitiveness and performance. That is, a local preference evaluation/selection criteria with a weighting of not more than 15% (of the evaluation/selection criteria total) may be utilised in the evaluation process, and where price, performance, quality, suitability and other selection criteria are evaluated equally then;

Council may accept a tender submission or offer from a local supplier in preference to a comparable tender submission or offer from a non-local supplier even if the tender submission or offer from the non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including, but not limited to, price), so long as the overall differences are not substantial, and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers.

### 4.1 Local Preference/Content Evaluation and Weighting Criteria

Local preference is not simply a price benefit to a local supplier, (e.g. where their price is 15% higher than a competitor's price), but rather a quantitative measurement that can be utilised in recognition of the physical presence of the supplier in the Carpentaria Shire Council area, as well as the demonstrated and/or actual accompanying social and economic benefits that this provides to Council, such as:

- to assist local businesses enhance their competitive standards and performance;
- to assist local suppliers and ultimately the communities Council serve to achieve financial sustainability and continuation of local services;
- creation of new and/or maintenance of existing local employment opportunities;
- more responsive and readily available servicing support;
- closer and more convenient communication regarding progress, performance and measurement to enable effective and efficient contract administration and management;
- encouragement for the relocation of established businesses from outside the region to physically enter, establish and maintain a physical presence ongoing in the region;
- support for economic growth within the local area; and
- returning value-added benefits to Council and its ratepayers from the associated local commercial transactions.

Therefore, in this policy statement, a "local supplier" is a supplier that:

- is beneficially owned and operated by persons who are residents of the Local Government area of Council and pay rates; or
- is a registered business or individual that has its principal place of business within the Local Government area of Council; or otherwise
- has a place of business within the Local Government area of Council which solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.



Council's preference is to purchase locally and as such will apply a weighting to offers received in response to its expressions of interest, quotations and Tenders where the offer is able to demonstrate some form of "local" economic benefit.

Where the total contract value is between \$1 and less than \$15,000 in a financial year, all offers may have a 15% weighting applied to the relevant qualitative criteria when undertaking a comparative analysis of the offers.

Where the total contract value is between \$15,001 and less than \$200,000 in a financial year, all offers may have a 7.5% weighting applied to the relevant qualitative criteria when undertaking a comparative analysis of the offers.

Where the total contract value will be in excess of \$200,000 in a financial year, all offers will be treated in accordance with the identified evaluation criteria and weighting detailed in Council's published invitation document taking into consideration the procurement context, although the weighting of the local preference criteria should not exceed a maximum of 5% and will be calculated as per Table 1 below.

<b>Contract Value</b>	<b>LP weighting</b>
\$200,000 – 999,999	Up to 5%
\$1,000,000 – 1,999,999	Up to 4%
\$2,000,000 – 2,999,999	Up to 3%
\$3,000,000 – 3,999,999	Up to 2%
\$4,000,000 – 4,999,999	Up to 1%
\$5,000,000 and above	Nil

The above will not be applicable to the Plant Hire contracts. This policy does not apply when applying preferential weighting to contracts awarded to a register of pre-qualifier suppliers for the supply of Plant Hire. All Plant Hire contracts that are awarded and deemed a Local Supplier will receive a preference in line with the obligations set in the General Conditions of the Plant Hire tender document and subsequently form part of the Plant Hire contract.

Table 1

<b>Definition</b>	<b>% of weighting applied</b>	<b>Supporting Business</b>
Business is registered and operated locally, pays rates or leases a business premises, resides within the Shire and employs locals within Carpentaria Shire Council boundaries.	<b>100%</b>	Economic and social benefits remain within the Carpentaria Shire Council area.
Business is registered within Carpentaria Shire Council boundaries and employs greater than 50% of its workforce in Carpentaria Shire Council	<b>80%</b>	Significant contribution and commitment being demonstrated and being realised in the Carpentaria Shire Council area.

Business is registered outside Carpentaria Shire Council boundaries and employs between 50% and 20% of its workforce in Carpentaria Shire Council boundaries.	<b>60%</b>	Economic and social benefits realised through the employment of locally based staff.
Business is registered outside Carpentaria Shire Council boundaries and employs a locally based workforce from within the Carpentaria Shire Council boundaries of less than 20%.	<b>40%</b>	Economic and social benefits realised through the employment of locally based staff.
Business is registered outside Carpentaria Shire Council boundaries and is within the North West Queensland Region. The business employs a locally based workforce from within the greater Carpentaria Shire Council and/or North West Queensland region.	<b>20%</b>	Significant contribution and commitment being demonstrated across the broader North West Queensland area.
Others	<b>Nil</b>	

## 5. POLICY REVIEW

Policy will be reviewed at least annually or when any of the following evaluations occur:

- Changes in relevant legislation, regulations, standards and/or Council policies or directives; and
- Other circumstances as determined from time-to-time by the Chief Executive Officer or through a resolution of Council.

This policy is nominated to be reviewed on or before 30 June 2020.

## 6. RESOLUTION

Adopted by Council on the 20 November 2019 by Council Resolution 1119/026.



Chief Executive Officer