

Organisational guideline

Local Preference in Procurement Guideline

Corporate Plan reference	<i>Our resilient economy</i> <i>Our outstanding organisation</i>	
Endorsed by Chief Executive Officer		
Manager responsible for policy	Manager Business & Innovation	

Council recognises the inherent benefits in contracting with local suppliers for the provision of goods and services (including undertaking works).

These benefits include:

- Developing a competitive local business and industry;
- Local goods are more readily available reducing lead time to fulfil orders or provide parts required for maintenance;
- Service providers are in closer proximity and can provide faster service and faster support;
- Ability to provide more environmentally sustainable outcomes through conserving the use of energy and resources such as reducing fuel consumption in travel and transport;
- Create new local employment opportunities and maintain the existing local employment base;
- Create new business and commercial opportunities, and continue to support the existing business and commercial base;
- Supporting local supply chains by encouraging all Council suppliers to sub-contract with, or seek goods and services from, local suppliers;
- Council investing in the community it serves to provide benefits to the local community; and
- Economic growth contributing to community prosperity.

Purpose

To outline Council's framework for facilitating the development of competitive local business and industry through a preference for contracting with local suppliers.

Outcome

Positive, effective, and sustainable engagement of local suppliers for the provision of goods and services (which includes works) required by Council.

Scope

This guideline applies to procurement processes for goods, services and/or works undertaken on behalf of Council.

Guideline statement

Council will encourage the development of a competitive local business and industry by facilitating a preference for local suppliers in its Contracting Activities. The preference for local engagement to be applied to a procurement processes as follows:

Inviting Locals to Respond to Procurement Processes

When undertaking an invited only procurement process, the following table is to be followed:

Table 1:

Procurement process	Contract Value	Local preference
ONE quote required	\$0 - \$25,000	Quote/s must be sought ONLY from Local and Deemed Local Suppliers.
Request for Quote (minimum THREE quotes)	\$25,000 - \$250,000	Quote/s must be sought ONLY from Local and Deemed Local Suppliers, unless a genuine reason not to applies (see below).
Request for Quote (minimum FIVE quotes)	\$250,000 - \$1,000,000	Quote/s will preferably be sought ONLY from Local or Deemed Local Suppliers. Minimum of FOUR Local and Deemed Local Suppliers to be invited to quote.

Contribution to the Local Economy Criteria

In any invited only procurement process (such as a Request for Quote), if non-locals are invited to respond, the Evaluation Criteria must include a criterion for the contribution to the local economy and that criterion must receive a weighting on 20%.

For any open procurement process such as a public tender the Evaluation Criteria must include a criterion for the contribution to the local economy and that criterion must receive a weighting on 20% unless an exception to this is approved.

Supplier Arrangements

When conducting a procurement process to create a Supplier Arrangement, Council must, at a minimum, include the evaluation criterion for the contribution made by the respondent to the local economy. This criterion must receive a minimum 20% weighting. Council may, in appropriate circumstances, consider and apply other strategies in those tenders to support or drive greater local engagement.

Council has priced and non-priced Supplier Arrangements. Generally, priced Supplier Arrangements include suppliers in a ranked order, and in most cases will directly approach the highest ranked supplier for the provision of the goods and services. If the highest ranked provider cannot supply those goods or services, Council will approach the next highest ranked supplier.

When forming contracts from a non-priced Supplier Arrangement, Council will invite quotes from some, or all, of the suppliers on the Supplier Arrangement with a view to undertaking a short evaluation to identify the most advantageous supplier. Evaluation Criteria for contribution to the local economy does not need to be included when seeking Quotes from a Supplier Arrangement as this has already been evaluated when forming the arrangement above.

Genuine reason not to follow this guideline

Council acknowledges there will be occasions when the requirements of this guideline cannot be followed. A genuine reason not to comply with the guideline will exist where:

- it is not possible to meet the requirements because, for example, there is not a local supplier, or sufficient local suppliers to enable the requirements of this guideline to be met; or
- there is sufficient local supplier availability, but because of the size, complexity or timing of the goods and/or services required, there are not sufficient local suppliers capable of meeting Council's requirements; or
- The supplier invited is invited in accordance with Council's First Nations Procurement Guideline and that supplier may not be local.

Where there is a genuine reason that the requirements of this guideline cannot be met then certain Council Officers may approve a departure from it (except in the instance of complying with Council's First Nations Procurement Guideline, no approval is required).

A Council Officer at the level of Manager (L3 or equivalent position) may approve departure from this guideline when a genuine reason exists and the contract value is within that Council Officer's delegated authority for creating the contract. All other departures from this guideline must be approved by a Group Executive (L2).

Where a gap in the local business or industry is identified such that a capable local supplier is not, and will not, be available in the foreseeable future, or it is believed that the most advantageous outcome cannot be achieved by engaging with a local supplier, a Group Executive (L2) may give a blanket exemption from complying with this guideline. Any blanket exemption must be for an identified type of contract and timeframe.

Further where a gap is identified, it is imperative the Economic Development Branch be advised to ensure appropriate measures and opportunities are explored with industry to address the gap.

All departures from this guideline are to be reported to the Manager, Business & Innovation

Contracts formed from External Supplier Arrangements

An externally created supplier arrangement is one that Council did not form, but Council is seeking to utilise for a particular procurement. The most common example of such arrangements are those created by Local Buy, and by Commonwealth, State or other local Governments.

Where a contract is sought to be formed using an externally created supplier arrangement, Council Officers should seek to identify if there are any suppliers on that supplier arrangement that would be considered local suppliers by this guideline. If there are, appropriate consideration should be given to inviting quote/s from those local supplier/s.

Tender and Request for Quote - Evaluation of the Contribution made to the local economy

Council will invite public tenders via QTenders and receive Tenders from any Respondent, regardless of their location. Also, some procurements conducted by Request for Quote will invite Local, Deemed Local and Non-local Suppliers.

In these instances, the evaluation criterion of the contribution made to the local economy must be included in the evaluation of these procurements.

The criterion will be evaluated having regard to the local presence of the Respondent and the Respondent's explanation of the contribution already being made to the local economy, the contribution that will be made should they be awarded the contract, or both. Explanation of that contribution may include:

- Local Supplier with primary office and primary ongoing business within Sunshine Coast.
- Local presence of ongoing business within Sunshine Coast:
 - Number of employees;
 - Location of property and/or offices;
 - Plant and equipment used to deliver business, sourcing of those and maintenance costs;
 - Consumables and sourcing;
 - Opportunities for further local engagement, for example sub-contracting;
 - Contributions made to local community organisations;

- Contributions, support, sponsorship and volunteering for local community events.
- Benefits to the local government area from the Successful Respondent:
 - How the contract might contribute to the business maintaining its local presence;
 - New employment opportunities or requirements;
 - New or expansion of property, office space, vehicles or plant and equipment;
 - Opportunities for local sub-contracting;
 - Evidence of support for local community organisations;
 - Contributions, support, sponsorship and volunteering for local community events.

Evaluation of each submission will consider the above information and scoring will be applied as follows:

Table 3:

Local presence	Scoring:	% Score	Overall weighting
Local Supplier	10-20 / 20	50-100%	Minimum 20%
Supplier deemed local	5-15 / 20	25-75%	
Non-Local Supplier	0-10 / 20	0-50%	

Roles and responsibilities

Council Officers with a role or responsibility under this guideline are:

Chief Executive Officer is responsible for approving this Guideline.

Group Executive Business Performance is responsible for overseeing all financial management systems and services, including Contracting Activities.

Manager, Business & Innovation is responsible for implementing and maintaining this guideline. This includes reviewing and reporting on its effectiveness, Council's compliance with it, and recommending changes to improve its effectiveness.

All Managers are responsible for ensuring all Council Officers comply with this guideline when undertaking Contracting Activities.

All Officers are responsible for complying with this guideline when undertaking Procurement and Contracting Activities. Only officers delegated the authority to conduct Contracting Activities as per Delegation No 2 – Procurement and Contracting Activities and Payments Delegation are permitted to commence or bind Council in contract resulting from a Contracting Activity, and only within the limits of the relevant financial authority set in that delegation.

Measurement of Success

Success of this guideline will be measured by assessing:

- Monthly and yearly dollar value and percentage of available procurement spend with local suppliers compared with non-local suppliers from the Accounts Payable System; and
- Number of contracts awarded to local suppliers compared with non-local suppliers from the Purchase Order System within a financial year. This measure will be considered, by dividing the contracts into those which fall within the following values:
 - less than \$25,000;
 - \$25,000 or more, but less than \$250,000; and
 - \$250,000 or more.

Definitions

The definitions in the Procurement Policy and Contract Manual apply to this guideline.

The definitions applicable to this guideline are:

Excluded supplier means a government body or utility service provider who Council has little or no choice but to contract with. For example, government agencies such as telecommunication providers, fuel suppliers or Australia Post.

Local Supplier means a supplier who:

- was established in and maintains their primary office or business premises within the Sunshine Coast Council Local Government Area;
- has an office or business premises, but not the primary premises, within the Sunshine Coast Council Local Government Area (Sunshine Coast LGA).

Non-local Supplier means a supplier who is not from within the Sunshine Coast LGA, or is not a Deemed Local Supplier.

Deemed Local Supplier means a supplier who does not have a primary office or business premises within the Sunshine Coast Council LGA, but has a significant business or primary service area in the Sunshine Coast LGA and/or a significant employee base that undertake work within the Sunshine Coast LGA (this employee base may include staff who work remotely on a regular basis from the local government area).

Related policies and legislation

Public Sector Ethics Act 1994 (Qld)

Local Government Act 2009 (Qld)

Local Government Regulation 2012 (Qld)

2020/21 Procurement Policy and other guidelines for that policy

2020/21 Contact Manual

2020/21 Contracting Plan

Regional Economic Development Strategy 2013-2033 (REDS)

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Create New	N	Council	21/04/2016
2.0	Annual Endorsement	Y	Council	18/05/2017
3.0	Annual Endorsement	Y	Council	21/06/2018
4.0	Annual Endorsement	Y	Council	11/06/2019
5.0	Annual Endorsement	Y	Council (SM20/13)	11/06/2020
6.0	Annual Endorsement	Y	Council	