

## Organisational guideline

### Local Preference in Procurement Guideline

Corporate Plan reference	<b>1. A New Economy</b> 1.3 Investment in growth and high-value industries  <b>5. A public sector leader</b> 5.2 A financially sustainable organisation
Endorsed by Chief Executive Officer	
Manager responsible for policy	Manager, Procurement & Contracts

Council recognises the inherent benefits in contracting with local suppliers for the provision of goods and services. 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 required by Council.

### Scope

This guideline applies to any procurement and contracting activities for the provision of goods and services 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 procurement and contracting activities. The preference for local engagement to be applied to a procurement and contracting activity is as follows:

Contract Value	Procurement process	Local preference
\$0 - \$10,000	One quote required	Quote/s will be sought only from Local Suppliers; No local preference criterion in evaluation required.
\$10,000 - \$15,000	Request a minimum <b>two</b> quotes	Both quotes will be sought only from Local Suppliers; No local preference criterion in evaluation required.
\$15,000 - \$100,000	Request a minimum <b>three</b> quotes	Minimum of two Local Suppliers to be invited to quote; Evaluation criterion for contribution made to the local economy will receive 15% minimum weighting.
\$100,000 - \$200,000	Request a minimum <b>three</b> quotes	Minimum of one Local Supplier to be invited to quote; Evaluation criterion for contribution made to the local economy will receive 15% minimum weighting.
\$200,000 and above	Written tender	Evaluation criterion for contribution made to the local economy will receive 15% minimum weighting.

### Forming Supply Arrangements

Council may only form a Supplier Arrangement (Register of Pre-Qualified Suppliers, or Preferred Supplier Arrangement) by conducting a written tender.

When conducting a written tender to create a Supplier Arrangement, Council will, at a minimum, include the evaluation criterion for the contribution made by the respondent to the local economy. This criterion will receive a minimum 15% weighting. Council may, in appropriate circumstances, consider and apply other strategies in those tenders to support or drive greater local engagement.

### Contracts formed from Preferred Supplier Arrangements (PSAs)

Council generally includes suppliers on a PSA in a ranked order, and in most cases will directly approach the highest ranked supplier for the provision of the goods and services to which the PSA relates. If the highest ranked provider cannot supply those goods or services, Council will approach the next highest ranked supplier.

For PSAs, Council will consider the local preference evaluation criterion only during the formation of the arrangement.

### Contracts formed from a Register of Pre-Qualified Suppliers (RPQS)

Council generally includes a number of suppliers on a RPQS. When forming contracts from an RPQS, Council will invite shorter form quotes from some, or all, of the suppliers on the RPQS with a view to undertaking a short evaluation to identify the most advantageous supplier.

Council will consider the local preference evaluation criterion during the formation of the RPQS. When seeking to form contracts from the RPQS, the preference for local engagement will be applied in the following manner:

Contract Value	Procurement process	Local preference
\$0 - \$10,000	One quote required	Quote/s will be sought only from Local Suppliers on the RPQS.
\$10,000 - \$15,000	Request a minimum <b>two</b> quotes	Both quotes will sought from Local Suppliers on the RPQS.
\$15,000 - \$100,000	Request a minimum <b>three</b> quotes	Minimum two Local Suppliers to be invited to quote from the RPQS.
\$100,000 and above	Request a minimum <b>three</b> quotes	Minimum of one Local Supplier to be invited to quote from the RPQS.

### Genuine reason *not* to follow this guideline

Council acknowledges there will be occasions when the requirements of this guideline cannot be followed, either because it is not possible to comply due to the nature of the procurement, or it is not in Council's best interests for achieving the most advantageous outcome.

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, it is not in the interests of achieving the most advantageous outcome to invite local supplier/s.

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.

A Council Officer at the level of Co-ordinator (L4 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 Manager (L3).

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 Manager (L3), or Director (L2) may give an exemption from complying with this guideline.

### 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 tenders in a newspaper advertisement and via QTenders and receive Tenders from any Respondent, regardless of their location. Also, some procurements conducted by Request for Quote will invite 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 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.
- 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.

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

Local presence	Scoring:	% Score	Overall weighting
Local Supplier	10-15 / 15	66-100%	Minimum 15%
Supplier deemed local	5-15 / 15	33-100%	
Non-Local Supplier	0-10 / 15	0-66%	

## Roles and responsibilities

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

**Director, Corporate Services Department** is responsible for overseeing all financial management systems and services, including Procurement and Contracting Activities.

**Manager, Procurement & Contracts** 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 Procurement and 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 Activity 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 \$15,000;
  - \$15,000 or more, but less than \$200,000; and
  - \$200,000 or more.

## Definitions

The definitions in the Procurement Policy 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 within the Sunshine Coast Council Local Government Area;
- Has an office, but not the primary office, within the Sunshine Coast Local Government Area;

**Non-local supplier** means a supplier who is not from within the Sunshine Coast Local Government Area, or is not a Supplier deemed local.

**Supplier deemed local** means a supplier who:

- Has a head office in another location but whose primary service area and employment base comes from within the Sunshine Coast Local Government Area;
- Does not have a primary office within the Sunshine Coast Local Government Area, but has a significant business or employee base within the area.

## Related policies and legislation

*Public Sector Ethics Act 1994 (Qld)*

*Local Government Act 2009 (Qld)*

*Local Government Regulation 2012 (Qld)*

Procurement Policy (as updated from time to time) and other guidelines for that policy.

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	e.g. Create new			DD/MM/YYYY
	e.g. Review			

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