

Organisational guideline

Local Preference in Procurement Guideline

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| Corporate Plan reference | <i>A smart economy</i> <i>An 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.

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 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 Contracting Activities. The preference for local engagement to be applied to a Contracting Activity is as follows:

Table 1:

| Procurement process | Contract Value | Local preference |
|--|--------------------------|---|
| ONE quote required | \$0 - \$25,000 | Quote/s will be sought ONLY from Local and Deemed Local Suppliers. No local preference criterion in evaluation required. |
| Request for Quote (minimum THREE quotes) | \$25,000 - \$250,000 | Quote/s will be sought ONLY from Local and Deemed Local Suppliers, unless a genuine reason not to applies (see below). If an exception to invitees occurs then an evaluation criterion for contribution made to the local economy must still be included and will receive 20% minimum weighting. |
| 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. Evaluation criterion for contribution made to the local economy will receive 20% minimum weighting. |
| Written Tender | \$250,000 to \$5,000,000 | Evaluation criterion for contribution made to the local economy will receive 20% minimum weighting. |
| Significant Contracting Plan | \$5,000,000 and above | Evaluation criterion for contribution made to the local economy will receive 20% minimum weighting. |

Forming Supplier Arrangements

When conducting a procurement process 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 20% weighting. Council may, in appropriate circumstances, consider and apply other strategies in those tenders to support or drive greater local engagement.

Contracts formed from Supplier Arrangements

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. When seeking to form contracts from a non-priced Supplier Arrangement, the preference for local engagement will be applied in the following manner:

Table 2:

| Contract Value | Procurement process | Local preference |
|----------------------|---------------------------------------|--|
| \$0 - \$25,000 | One quote required | Quote/s will be sought ONLY from Local and Deemed Local Suppliers on the Supplier Arrangement. |
| \$25,000 - \$250,000 | Request a minimum THREE quotes | Quote/s will be sought ONLY from Local and Deemed Local Suppliers, unless a genuine reason not to applies (see below). |
| \$250,000 and above | Request a minimum FIVE quotes | 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. |

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.

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 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 written 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 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.

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.

2020/21 Contact Manual

2020/21 Contracting Plan

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 |