

## Local Purchasing Policy

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**Branch** Procurement

**Division** Organisational Performance

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Version 1	27 July 2020
Notes	
Community Support Base Procurement Policy rescinded	

# POLICY

## PURPOSE

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.

## BACKGROUND AND RELATED LEGISLATION

This Policy has been developed as a result of reviewing Councils existing Community Support Based Procurement Policy, 2018. Extensive stakeholder consultation including surveys and direct feedback from local businesses, council's staff and similarly sized regional councils has been undertaken to determine how Council can appropriately support local business whether it be by a cost comparative advantage or by other measures.

This Policy replaces the previous Community Support Based Procurement Policy 2018.

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".

Council has received legal advice which states that where a council adopts a Local Purchasing Policy with a set weighted advantage to local suppliers that has the ability to change the outcome of a procurement and all suppliers are made aware of the policy, the stated advantage does not contravene any relevant laws, related to anti-discrimination, anti-competition and fair trading. This is provided it is applied within the policy provisions.

## DEFINITIONS

To assist in interpretation, the following definitions apply:

Term	Definition
Best Value	Overall value for money including quality and expertise
Council	Dubbo Regional Council
GIPA	Government Information Public Access Act
Indigenous sourcing panel	A specialised procurement sourcing panel that allows Council direct provision of work offers to Certified and Registered Indigenous business.
Local Supplier	A business that has a physical presence and operates from a permanently staffed address within the boundaries of the Dubbo Regional Council Local Government Area (LGA) for a minimum period of three (3) 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.
LGA	Dubbo Regional Council Local Government Area
Total value	Includes GST

## **References related to this policy:**

Local Government Act 1993  
Local Government General Regulations (2005)  
Australian Competition and Consumer Commission  
Competition and Consumer Act 2010  
Australian Consumer Law 2011  
Government Information (Public Access) Act 2009  
Office of Local Government Tendering Guidelines  
Councils purchasing and procurement management policy

## **CANVASSING OF COUNCILLORS OR STAFF**

The canvassing or lobbying of Councillors or staff for the purpose of attempting to influence the impartial performance of the public duty of Councillors and Council staff in procurement matters may result in disqualification from the procurement process. This disqualification extends to the supply of all goods and services to council for a period of 1 year. Councillors and staff must report any instances of canvassing or lobbying to the Chief Executive Officer.

Further the canvassing or lobbying of councillors or staff accompanied by the offer of a bribe or other inducement constitutes corrupt conduct and will be reported to the Independent Commission Against Corruption (ICAC) for appropriate action to be taken.

## **SCOPE**

Council has a responsibility through its expenditure of public funds to achieve best value in procurement 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 while also promoting opportunity for smaller business, social enterprises, disability groups and Indigenous businesses.

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. Consultation undertaken as part of the formulation of this Policy found increased communication and visibility of upcoming work, having a simple Policy that is easy to apply and meaningful in terms of the benefits provided to local suppliers, provision of training and education of local suppliers by Council, transparency while ensuring achievement of best value and support for small business as being important. 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.

To further this commitment a Local Purchasing Action Plan, has also been developed to support this Policy which includes a number of specific and time defined actions to be undertaken.

## **POLICY PROVISIONS**

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

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 Dubbo Regional Council Local Government Area (LGA) for a minimum period of three (3) 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 Purchasing Policy provisions are as follows:-

### **Expenditure up to \$10,000 – Local suppliers only invited**

Where the supply of services, goods and materials is up to \$10,000 in value, local suppliers only will be sought.

In the event quotes are sought through VendorPanel or an Indigenous sourcing panel, all registered

local suppliers in the LGA for the applicable purchasing category will be invited. If no local suppliers are available for the goods or services required quotes are then to be sought from outside of the LGA.

Corporate trade and preferred supplier panels for qualified local suppliers are to be introduced and utilised for regularly sourced goods and services.

### **Quotes sought up to \$150,000 - 10% price advantage to qualified Local Suppliers**

Quotes up to \$150,000 will be invited from the entire list of suppliers on Vendor Panel and an Indigenous sourcing panel for the applicable purchasing category with at least two local supplier quotes to be sought. Qualified local suppliers for comparative purposes will have 10% nominally deducted from their quoted price.

**Publicly Advertised Quotes or Tenders over \$150,000 – 5 points added to the total selection criteria score (subject to at least 50% of the total number of sub-contractors being utilised being qualified local suppliers) and a 5% reduction in the price evaluation criteria component of a qualified local supplier bid up to a maximum amount of \$50,000.**

Where Council seeks to publicly advertise a quotation or tender there will be a two tier advantage provided to qualified local suppliers who submit a quotation or tender in response. For the purpose of price comparison for qualified local suppliers, 5% will be nominally deducted from the quoted price up to a maximum amount of \$50,000. In addition 5 points will be

nominally added to the selection criteria total scoring based on the maximum score being 100, provided at least 50% of any sub-contractors used are qualified Local Suppliers.

All publically advertised quotes and tenders will be also placed on VendorPanel and an Indigenous sourcing panel.

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.

### **Temporary COVID-19 Pandemic measures**

A measure to further support local suppliers and the local economy when an Economic Recovery Strategy is implemented is to provide a temporary additional advantage for local suppliers through the Local Purchasing Policy.

In alignment with and to support Council's Economic Recovery Taskforce to assist local suppliers as a result of the COVID-19 pandemic the price advantage for comparative purposes under each of the provisions of this Policy are temporarily increased by an additional 5% across the board when:-

- quotations and tenders are called up until the 31 December 2020
- The supplier meets the local supplier definition

### **E-Procurement – Vendor Panel and an Indigenous sourcing panel**

The sourcing of Council procurements from local suppliers will be undertaken through the world class e-procurement solution VendorPanel © which has been partially implemented throughout Council and the local business community for management of all requests for quotation or tender. The electronic platform is completely free to suppliers who self-register and maintain a profile. VendorPanel has links to Local Government Procurement tendered panel contracts.

In addition all request for quotes and tenders will also be broadcast on an Indigenous sourcing panel.

These platforms allow a high degree of transparency, probity and importantly reporting of outcomes of the Local Purchasing Policy by capturing source analytics and utilising geo-targeting of suppliers.

## **SOCIAL PROCUREMENT AND LOCAL PURCHASING**

### **Disability Providers**

Council will undertake social procurement by procuring goods and services from local disability providers. Under Section 55 of the Local Government Act 1993, council can directly engage disability service providers without the need to go to quotation or tender. To ensure probity and transparency, where there is more than one disability service provider, quotation procedures will apply. While these initiatives support good social procurement outcomes, there remains a responsibility to achieve best value in procurement.

### **Indigenous Business and Recognised Social Enterprises**

Unlike disability service providers the Local Government Act 1993 does not have provision to directly engage Indigenous business or recognised social enterprises.

To ensure Council can support local Indigenous businesses through this Local Purchasing Policy, Council will apply for membership with an Indigenous sourcing panel. The Indigenous sourcing panel is a specialised procurement sourcing panel that allows Council to direct work offers to Certified and Registered Indigenous businesses.

Councils Local Purchasing Action Plan developed to support this Policy includes a number of specific Indigenous local business actions to both further support and develop specific initiatives to assist local Indigenous businesses.

The development of Councils Reconciliation Action Plan will also provide further specific support for Aboriginal procurement initiatives.

Local social enterprises will be engaged to supply goods and services where possible with the Local Purchasing Action providing initiatives to support local social enterprises.

## **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.

## **WHERE NON- LOCAL SUPPLIERS ARE UTILISED**

Council in its diverse operations will need to purchase goods and services from outside the LGA simply because local suppliers cannot supply the goods or services or are not competitive from a best value perspective. In recognition of this Council will compile a list of regularly sourced categories of goods and services so local businesses can make an assessment if they should consider supplying or moving toward a particular category of supply. The list will be published every six months in December and June each year, include detail of spends with Local and Non-Local suppliers and be submitted with a covering report to Council.

## **ACTION PLAN**

There is a lot of work to be undertaken to provide the necessary support for this Policy. To facilitate this a Local Purchasing Action Plan has been developed and is based on the following themes:-

- Accountability and Transparency
- Awareness of and Access to Council work for Local Business
- Education and Training
- Social Procurement

## **RESPONSIBILITIES**

The Director Organisational Performance and all staff with purchasing authority are responsible for enacting and enforcing this policy.