



Gladstone Regional Council

Council Policy

Title	LOCAL PREFERENCE
Policy Number	P-2017-26
Responsible Directorate	OFFICE OF THE CHIEF FINANCE OFFICER
Responsible Officer	CHIEF FINANCIAL OFFICER
Date of Adoption	4 JULY 2017
Resolution Number	G/17/3102
Date Review Due	30 JUNE 2018

1.0 PURPOSE:

To provide a standard process that encourages local businesses to tender or quote in competition with businesses operating outside of the Gladstone Regional Council boundaries.

The Policy also aims to ensure that all procurement activity is undertaken in a professional manner and that Council employees have a clear understanding of their responsibilities and authority when applying this policy.

2.0 SCOPE:

This policy applies to all procurement activities conducted by Council.

For clarity this policy applies:

1. Regardless of whether the purchase is by:
 - a) Council by resolution of Council; or
 - b) Councillors by a delegation of Council to:
 - i. the Mayor, or
 - ii. a standing committee or joint standing committee; or
 - iii. the chairperson of a standing committee or joint standing committee; or
 - c) Councillors by a delegation of the Mayor to that Councillor; or

- d) The Chief Executive Officer under a delegation by Council; or
- e) A Council Employee, other than the Chief Executive Officer, under a delegation by the Chief Executive Officer to that Council Employee.

This policy does not apply to the following transactions as they are not procurements:-

- Refunds of overpayments;
- Return of Trust Fund Monies;
- Payments associated with Statutory Obligations.

3.0 RELATED LEGISLATION:

- Local Government Act 2009
- Local Government Regulation 2012

4.0 RELATED DOCUMENTS:

- Gladstone Regional Council Procurement Policy
- Gladstone Regional Council Procurement Corporate Standard

5.0 DEFINITIONS:

To assist in interpretation of this policy the following definitions apply:

"Act" - means the *Local Government Act 2009*;

"Council" - means Gladstone Regional Council;

"Councillors" - has the meaning defined under the Act;

"Council Employee" - means a Council employee as defined under the Act (*s. 196*);

"Local Preference" - means Council's commitment to the development of competitive local business and industry;

"Local Supplier" - means a business or industry that operates predominantly in the Council region OR a business that has a significant presence in the Council region (i.e. a workshop or office and permanent employees resident in the Council region) and the majority of the work to be entered into through a contractual arrangement with Council will be undertaken by employees resident in the Council area and/or other Local Businesses and Industry (*as determined by council in the event of any dispute*);

"Local Supply" - means a supply of goods are manufactured or stocked at the business' premises located within the Council region for supply to the general public OR a supply of services by personnel engaged (or to be engaged) for delivery of services have their principle place of residence within the Council region Industry (*as determined by council in the event of any dispute*);

"Non-Local Supplier" - means a business or industry not deemed a local supplier;

"Non-Local Supply" - means a supply of goods or services not deemed as a local supply;

"Procurement" – means the entering into of an agreement to purchase, hire, lease, rent, or exchange by way of any transaction involving the outlay by Council of funds, goods, equipment or services in return for the provision of goods and services to Council by another person, company or other entity;

"Procurement Activities" - means activities for the making of a Procurement for the carrying out of work; or the supply of goods and services; or the disposal of non-current assets. It does not include making a contract of employment with a Council Employee - see section 216(3) of the Regulation;

"Procurement Plan"- means the documentation relating to the implementation of the proposed procurement activities for the carrying out of work; or the supply of goods and services; or the disposal of non-current assets;

"Regulation" - means the *Local Government Regulation 2012*;

"Sound Contracting Principles" - means the sound contracting principles set out in section 104(3) of the Act;

"Statutory Declaration" - as defined in the *Oaths Act 1867*.

6.0 POLICY STATEMENT:

6.1 Development of competitive Local Business and industry

In undertaking procurement activities Council is required to comply with Sound Contracting Principles as identified in the Act (s.106):

Detailed below is how Council intends to fulfil its obligations with respect to the development of competitive local business and industry, as one of the fundamental pillars of Sound Contracting Principles by a local government.

Council will encourage the development of competitive Local Suppliers through:

- the placement of orders where that Local Supplier is competitive under Council's evaluation processes with regard to the price, delivery, service required etc;
- actively seeking out Local Suppliers as potential suppliers when seeking offers;
- ensuring that the principles of open and effective competition are applied and equal treatment is given to Local Suppliers' offers, when being compared with other Non-Local Supplier offers, on the basis of fair and equitable behaviour;
- ensuring that payments are prompt and in accordance with the agreed terms of trade;
- ensuring that factors that give Local Suppliers' an edge are given due consideration in the evaluation processes for factors such as:
 - more readily available spare parts and servicing support;

- more reliable compliance with warranty provisions;
- shorter supply lines; and
- more convenient communications for contract administration;
- giving preference to Local Suppliers where the assessment of the offers made are equally comparable to non-Local Suppliers in reference to Council's local preference policy; and
- encouraging principal contractors to give Local Suppliers every opportunity, as partners or subcontractors, to participate in major projects
- giving consideration to accepting a tender or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender 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;
 - it is clear that the selected local supplier can meet Council's requirements at an acceptable standard which is generally comparable to that of other tenders or offers received for the same supply;
 - the Local Supplier has, in their tender or offer, provided a local procurement plan acceptable to Council and is prepared to provide Council with a Statutory Declaration when making claims for payment from Council, declaring that they have adhered to the local procurement plan.

6.2 Local Preference Evaluation & Weighting

Council's preference, all things being equal, is to engage suppliers across all of council with significant local supply.

As part of all submissions to Council for procurement of goods or supplies, a local procurement plan is highly encouraged. A Statutory Declaration must then be accompanied with claims of payment to support all claims of local supply documented with in the local procurement plan.

To be clear, Council may accept a tender submission or offer from a local supplier in reference 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 acceptable standard which is generally comparable to that of other offers received for the same supply.

7.0 ATTACHMENTS:

Nil.

8.0 REVIEW TRIGGER:

This policy will be reviewed when any of the following occur:

1. The related legislation/documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council
3. Periodic Review - every 12 months from date of adoption.

TABLE OF AMENDMENTS		
Originally Adopted	21 June 2016	G/16/2824 (FCGC/16/0022 - 13/06/2016)
Amendment 1	4 July 2017	G/17/3102
Amendment 2		

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CALE DENDLE
ACTING CHIEF EXECUTIVE OFFICER