



# LACHLAN SHIRE COUNCIL

## LOCAL PREFERENCE PURCHASING POLICY

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Further Information: Lachlan Shire Council ☎ 02 6895 1900 ✉ Email: <a href="mailto:council@lachlan.nsw.gov.au">council@lachlan.nsw.gov.au</a>						
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# 1. BACKGROUND

As a public authority Lachlan Shire Council (Council) is required to comply with legislative requirements in the procurement of goods and services, including the Local Government Act 1993 (NSW), Local Government (General) Regulations 2021 (NSW), and the Competition and Consumer Act 2010.

Council seeks to support local suppliers and contractors through Council’s procurement practices. This policy outlines how that support may be provided in the procurement assessment process.

# 2. SCOPE

This policy applies to all staff, contractors, consultants, councillors, and anyone involved in Council procurement activities.

# 3. OBJECTIVE

This policy outlines a range of criteria and weightings that can be applied in an assessment process of tenders and quotations called in compliance with legislative requirements. This policy recognises that it is important that Council staff, consultants, contractors, councillors, and anyone involved in Council procurement, fairly and equitably set and apply that criteria.

# 4. DEFINITIONS

**Criteria:** An attribute/characteristic that is comparable across a range of suppliers for a particular good or service. As a general rule a minimum of three criteria will be applied to assist in comparing suppliers.

**Local Supplier:** A supplier is defined as local when they have an office located within the Lachlan Shire local government area.

**Quotation:** A fixed price or schedule of rates provided by a supplier for the supply of goods or services, for procurements up to a cumulative total value of \$249,999 (including GST).

**Tender:** A public competitive process for the supply of goods or services, conducted in accordance with legislative requirements, and must be used for procurements with cumulative value of \$250,000 (including GST) or more. The tender process may be used for any procurements as preferred.

**Weightings** The percentage weighting given to each criterion in the assessment process.

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## 5. POLICY IN BRIEF

Council is committed to providing best value services to the community. Best value does not always mean lowest price as there are many other factors that can be considered in selecting a provider of goods or services.

These factors include items such as relevant experience, financial resources, local knowledge, impact on the local economy and legislative responsibilities. These factors are all assessment criteria that may be used in the evaluation of quotations and tenders for goods and services to Council.

Council policy intention is to source goods and services preferably from suppliers and contractors within the Lachlan Shire, secondly from adjoining local government areas (LGAs) due to the high level of interdependence between the LGAs, and thirdly from outside the region.

Due to legislation such as the Competition and Consumer Act 2010, the purpose of which is to enhance the welfare of Australians through the promotion of competition and fair trading and provides for consumer protection, it is important that Council supports local suppliers where Council is of the opinion that it can support such a selection. This support will be demonstrated by the application of selection criteria to the assessment of the procurement decision.

The responsibility for the selection of the criteria and associated weightings for a quotation or tender assessment will rest with Council staff overseeing and evaluating the procurement process, subject to any matters reported to the elected Council for determination.

## 6. POLICY IN DETAIL

### 6.1 Local Supplier- Consideration

This policy supports local suppliers, where it is considered the benefits of that support to the Lachlan Shire community outweigh any additional costs incurred in the procurement of the goods and services.

Council will include in its procurement process (including formal quotations and tenders), an evaluation criterion for “Social and Community” that identifies attributes that reflect the supplier’s presence and economic contribution to the Lachlan Shire. The criteria applied to procurement decisions will include recognition of the impact of the procurement decision on the local economy through evaluating the benefit of that procurement to the local economy.

The criteria for a procurement decision may include, for example, the following “Social and Community” attributes:

- *Knowledge and experience with the local conditions, whether the supplier is a locally based business and/or whether they have worked locally*
- *Social impact on the local economy, for example local jobs created and a local office*
- *Level of local and Australian content, whether products and materials are sourced locally*
- *Alignment with Council’s Community and Strategic Plan (CSP)*

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**A weighting of 10% will be applied to local suppliers under the “Social and Community” criterion** in any purchasing decision (including quotation and tender assessment), where there is considered to be the potential for a significant impact on the local economy through a Council procurement decision.

In assessing overall value for money in any procurement, the following non-price considerations should be also be taken into account (where relevant):

- Availability and access to after-sales service and maintenance
- Quality, type and availability of goods or services
- Advantages in dealing with a local supplier, including administrative and operational efficiency
- the proportion of local content to be supplied
- whole-of-life costs of the purchase or contract
- compliance with specifications, guidelines and requirements
- the supplier’s knowledge, experience and ability to fulfil the requirements of the contract or purchase
- the supplier’s commitment to supporting local businesses and the local economy through subcontracting and other supplier arrangements
- net benefits to the Lachlan Shire, including economic benefits

## 6.2 Prescribed Procurement Contracts

A number of supply and service contracts are available through tenders completed by the NSW State Government, the Central West Joint Organisation, and Local Government Procurement (LGP), with LGP being a fully owned subsidiary of Local Government NSW.

Council supports the use of prescribed contracts due to the reduction in tendering timeframes and cost benefits typically achieved through bulk purchasing.

Where purchases are conducted through these contracts Council accepts that the social and community criterion may not be able to be assessed as the evaluation has already been completed by the State Government or LGP - however if possible and relevant, a 10% local supplier discount preference could be applied.

## 6.3 Environment, Social and Economic Impacts

In addition to consideration of the impact on the local economy any Council procurement decision will also provide consideration to the environmental, social and economic impacts of that decision.

# 7. FURTHER INFORMATION

Further information about this policy can be obtained by:

- contacting the Governance and Risk Officer
- contacting the Director Corporate and Community Services
- contacting the General Manager

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## 8. RELATED DOCUMENTS

Related LSC policies include:

- *Codes of Conduct policies –Councillors and Staff*
- *Conflict of Interest Policy*
- *Gifts, Benefits and Bribes Policy*
- *Fraud and Corruption Control Policy*
- *Procurement Policy*
- *Disposal of Assets Policy*
- *Modern Slavery Policy*
- *Statement of Business Ethics*
- *Terms and Condition of Business*

Related Legislation includes:

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- *Tendering Guidelines for NSW Local Government 2009*
- *Competition and Consumer Act 2010*
- *Modern Slavery Act 2018*
- *Guidelines on Reasonable Steps issued by the Anti- Slavery Commissioner.*

## 9. RIGHT TO VARY OR TERMINATE

Council reserves the right to vary or terminate this policy at any time.

Nothing in this policy limits any applicable legislation.

Greg Tory

GENERAL MANAGER

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