



STATUTORY POLICY
MOUNT ISA CITY COUNCIL
Local Preference Purchasing Policy

RESOLUTION NO. **OM22/08/19** VERSION 1

APPLIES TO STATUTORY POLICIES ONLY

This is an official copy of the **Local Preference Purchasing Policy**, made in accordance with the provisions of *Local Government Act and Regulations, Public Records Act, Mount Isa City Council's Local Laws, Subordinate Local Laws* and current Council Policies.

Statutory Policies comply with a legislative requirement; the **Local Preference Purchasing Policy** is approved by the Mount Isa City Council for the operations and procedures of Council. Note that Financial Year Policies are reviewed annually.

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 Sharon Ibardolaza
Chief Executive Officer

DOCUMENT VERSION CONTROL			
Governance/Policies/Statutory Folder ID# 14991		POLICY TYPE	Statutory (Council)
VERSION	DATE	RESOLUTION NO.	DETAILS
V1	28.08.2019	OM22/08/19	Responsible Officer - Manager Corporate and Financial Services
		REVIEW DUE	06.2022

DISTRIBUTION AND DISSEMINATION			
Internal email to all employees	X	Section meetings / Toolbox talks	X
Internal email to all Councillors	X	Included in employee inductions	X
Staff noticeboards	X	Uploaded to Council website	X
Internal training to be provided	X	External training to be provided	X
Registered in Magiq	X		



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Policy Statement

The Mount Isa City Council Local Preference Purchasing Policy will take effect following its adoption at the **Ordinary Meeting on 28th August 2019**.

Intent

The purpose of this policy is to prescribe the circumstances and terms on which Council may provide a preference to local suppliers in the purchase of goods and services.

Policy Objectives

This policy's purpose and scope is to provide consistent direction and guidance to all officers when undertaking procurement activities in line with the sound contracting principles included in the *Local Government Act 2009*:

- value for money;
- open and effective competition;
- the development of competitive local business and industry;
- environmental protection; and
- ethical behavior and fair dealing

Definitions

Local Supplier is a company, trust, or sole-trader who meets at least one of the following criteria:

- i. is a ratepayer in the Mount Isa City Council local government area;
- ii. has a physical premises open to the public located in the Mount Isa City Council local government area and is owned by locals or employs local staff; or
- iii. employs staff permanently based in the Mount Isa City Council local government area.

Scope

This policy applies to all purchases of goods, materials and / or services made by Council unless purchased from a government agency or specifically excluded by Council resolution.

Policy Statement

Mount Isa City Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council.

To assist local industry and local economic development, Council will:

- i. Encourage a 'buy local' culture within the Council;
- ii. Advertise all tenders, contracts and expressions of interest in a manner readily available to the local community;
- iii. Package requirements in appropriately sized contracts to suit market capacity and encourage local competition;
- iv. Encourage local businesses to promote their goods and services to Council;
- v. Encourage the use of local distributors within the delivery chain whenever goods, materials or services have to be sourced from outside the local government area; and
- vi. Apply a price preference in favour of local suppliers as set out in this policy.

Local Content Price Preference

A local price preference will apply to all quotes, contracts and tenders invited by Council for the supply of goods and services and construction services, unless Council resolves that this policy not apply to a particular purchase or another provision of this policy is applied.



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For the purposes of selecting the successful supplier tendered by local and non-local suppliers, the following levels of price preference (including GST) will be applied under this policy;

- Purchases up to \$1,000 with local content given 15% preference
- Purchases from \$1,000 - \$5,000 with local content given 10% preference
- Purchases from \$5,000 - \$15,000 with local content given 5% preference
- Purchases from \$15,000 - \$50,000 with local content given 4% preference
- Purchases from \$50,000 - \$200,000 with local content given 3% preference
- Purchases over \$200,000 – no price preference provided

EXAMPLE ASSESSMENT

Bid A \$9,750 (non-local supplier) No preference is applicable - **\$9,750** assessment price
Bid B \$10,000 (local supplier) 5% price preference applied (\$500) - **\$9,500** assessment price

Price Preference Comparison

The preference rate to be applied is based on the actual price quoted to Council. The preference is to be the same rate for all local suppliers irrespective of whether one supplier quotes in one discount bracket and another qualifies for a higher discount rate.

Part Local Purchases

The above discounts may also apply to suppliers based outside the Mount Isa City Council area where such suppliers:

- Use goods, materials or services of a significant amount via sub-contracts that are sourced within the Mount Isa City Council area. The discount applies to the value of the goods, materials or services sourced and used from the local government area; or
- Can demonstrate the use of locally sourced products and services as opposed to using products and services from outside the Mount Isa City Council area.

In these circumstances, the discount is only applicable to the local content component of the price, and not the total price submitted. Normal processes of assessment of non-price considerations still apply, and this policy does not necessarily mean that the lowest tender will be successful. The purpose of the policy is to give preference to local suppliers compared to non-local suppliers, where all else is equal.

EXAMPLE ASSESSMENT

A bid is received for \$40,000 (non-local supplier) however they have arranged to use \$10,000 of goods from a local supplier. The discount applied to the local content is always based on the total value of the contract.

The calculation to determine the value of their bid is:
 $\$30,000 * 0\% \text{ non-local content plus } \$10,000 * 4\% \text{ local content} = \$400 \text{ local price preference is applicable.}$

Therefore the bid would be assessed at a value of \$40,000 - \$400 = **\$39,600**

Tendering Preference

For procurements over \$200,000 obtained through a tender process no price preference will be applied. Where applicable, it will be a requirement that the tender assessment criteria will include at least a 5% local content weighting criteria.



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Goods and Services Tax

All values quoted in this policy are inclusive of GST unless stated otherwise.

Responsibilities and Delegations

- 1.1. This Policy is to be implemented by all Officers and Councillors;
- 1.2. Reviewed at least once every three years by the Responsible Officer; and
- 1.3. This policy is to be applied in conjunction with, and subordinate to, Council's Procurement Policy (as amended each year).

Review and Auditing

The application of this policy is to be audited annually by the Manager Corporate and Financial Services.

Attachments

NIL