

BUY 'LOCAL' PROCUREMENT

POLICY

POL-CPM 01

Objective:

- Foster economic development by maximising participation of local businesses in the delivery of goods and services.
- Promote effective competition with the supply of goods and services from local businesses including enhancing their capacity to apply, win and deliver goods and services.
- Encourage the inclusion of local businesses and the employment of local residents.

Statement:

The City of Mandurah ('the 'City') recognises the contribution that local businesses make in building a stronger City. This policy outlines the process for City Officers to apply preferences in a fair and equitable manner.

1. Regional Price Preference for Procurements \$75,000 and over

A price preference will be given to regional businesses when submitting bids for the supply of goods and services valued \$75,000 and over as follows:

City of Mandurah Businesses

- a) 10% where the contract is for goods or services up to a maximum price reduction of \$50,000; and
- b) 5% where the contract is for construction (building) services, up to a maximum price reduction of \$50,000.

Peel Region Businesses

- a) 10% where the contract is for goods or services up to a maximum price reduction of \$50,000; and
- b) 5% where the contract is for construction (building) services, up to a maximum price reduction of \$50,000.

The following requirements apply when affording the Regional Price Preference:

- Peel Regional Businesses are those from the Shires of Murray, Boddington, Serpentine-Jarrahdale and Waroona.
- Businesses must have been located within Mandurah or the Peel Region for at least six (6) months prior to the closing date of the procurement.
- Peel Region businesses price preference can only be applied if it does not affect the overall evaluation outcomes for a business from the City, on the condition that the City business has submitted an equally competitive bid in terms of evaluated quality i.e. overall qualitative scores are in the same range(s).

2. Local Content Price Preference for Procurements \$75,000 and over

A price preference will apply to local content components of goods and services sourced from Mandurah or the Peel Region from non-regional (metropolitan) businesses for all procurements \$75,000 and over as follows:

- a) 10% where the contract is for goods or services up to a maximum price reduction of \$50,000; and
 - b) 5% where the contract is for construction (building) services, up to a maximum price reduction of \$50,000.
- Local Content Price preferences can only be applied if it does not affect the overall evaluation outcomes for a business from the City, on the condition that the City business has submitted an equally competitive bid in terms of evaluated quality i.e. overall qualitative scores are in the same range(s).
 - Local content components of goods and services can include goods, materials, labour, sub-contractors, professional services, and employment of residents but cannot include travel and accommodation costs.
 - Written evidence (proof) of the local content components, including how it relates to the price submitted, must be provided. If successful, local content components will be introduced into the contract with associated performance measures. Contract managers will regularly monitor and report on local content achievements.

3. Local Impact Analysis for Procurements

A local impact analysis is to occur when evaluating higher threshold procurements to determine whether there are local economic benefits that could be advantageous to the City. If identified, those benefits are to be taken into consideration in addition to initial price and quality evaluation outcome results to arrive at a final decision to recommend a preferred supplier.

4. Buy Local Qualitative Selection Criteria and Weightings for Procurements

A weighted qualitative selection criteria of up to 20% for 'Local Development and Value Adding' may be applied for evaluation purposes, for procurements of any value. It can only be applied in addition to price preferences for procurements over \$75,000, where it is clearly substantiated that supplier capacity (sustainability) and value for money principles are unlikely to be adversely impacted.

5. Local Business Quotation Requirements for Procurements less than \$75,000

City Officers are encouraged to support local businesses during procurement processes as much as possible. When sourcing quotations under \$75,000 a certain number of those quotations are to be from local businesses, when there is the opportunity to do so, as follows:

Estimated Procurement Cost	Current Quotation Requirements under Purchasing AOP	Number of Local Business Quotations To be Sourced	Feedback and Record Keeping
\$1,000-\$9,999	2 Verbal	1	<ul style="list-style-type: none">• Verbal feedback is to be provided to local businesses if unsuccessful.
\$10,000-\$74,999	3 Written	2	<ul style="list-style-type: none">• Written feedback is to be provided to local businesses whether successful or unsuccessful.• Written quotation and feedback records are to be retained within the record management system.

- Where local businesses were sourced to provide goods and services and the local business may not have necessarily provided high quality service outcomes, City Officers will endeavor to communicate with local businesses on ways to improve service delivery into the future.
- Sourcing from State and WALGA Panels of pre-qualified suppliers does not preclude purchaser's responsibilities from applying the above requirements.
- City Officers must consider the benefits and impacts on the local economy when deciding to collate or separate purchasing above and below the tender threshold. This should not be misconstrued as an opportunity to avoid tendering. Decisions should clearly demonstrate both regulatory compliance and local benefit.

6. Value For Money Principles

Value for money principles still apply and will be used to achieve the best possible overall outcome for the City.

7. Transparency and Probity

Where local preferences are to be applied during procurement processes, they must be notified within relevant Request for Tender/Quotation documents. All businesses must be treated fairly and consistently when evaluating procurement outcomes.

8. Local Impact Auditing and Reporting

An annual audit, to determine positive and negative implications, if any, of applying this Policy is to occur and be reported to Council as required.

Responsible Directorate:	Finance and Governance
Reviewer:	Manager Governance and Tenders
Creation date:	Minute G.51/1/02, 22 January 2002
Amendments:	Minute G.13/08/05, 16 August 2005 Minute G.43/12/09, 15 December 2009 Minute G.57/2/12, 28 February 2012 Minute G.37/5/12, 22 May 2012 Minute G.35/2/15, 24 February 2015
Related Documentation:	<i>Local Government (Functions & General) Regulations 1996 - Regulation 24E</i> POL-CPM 02 – Purchasing of Goods & Services. POL-CPM 03 – Selection Criteria for Major Procurements. FS-CPM 01 – Strengthening Local Development through Procurement. GUIDE-CPM 01 – Local Purchasing Guideline.