9.11 Interim COVID-19 Local Preference Policy

REPORT BY THE PROCUREMENT MANAGER
TO 20 MAY 2020 ORDINARY MEETING
GOV400087, GOV40047

RECOMMENDATION

That Council:

1. receive the report by the Procurement Manager on the Interim COVID-19 Local Preference Policy;

2. approve the Interim Local Preference Policy amended requirements;

3. endorse the Interim Local Preference Policy until 31 December 2020, at which time the current Local Preference Policy will automatically reinstate;

4. delegate to the General Manager the authority to review and extend the interim policy from 31 December 2020 to 30 June 2021, should the economic impact of COVID-19 still be present within the LGA; and

5. place the interim Policy on public exhibition for a reduced amount of 14 days in order to implement the change in a timely manner, if no submissions are received, accept the Interim COVID-19 Local Preference Policy.

Executive summary

The existing Local Preference Policy has been amended to create an Interim Local Preference Policy as a result of the current COVID-19 pandemic and its direct impact to the economy in our local government area.

Disclosure of Interest

Nil

Detailed report

At its meeting on the 15 April 2020, Council resolved the following:

1. Review any current purchasing arrangements that are in place where goods are sourced from outside of the region, and look for opportunities to spend that money locally within existing Policies and Contract arrangements;

2. Request a report be brought back to the May 2020 Council meeting, reviewing the Local Preference Policy, and implementing an interim COVID-19 Local Preference Policy which strengthens the spend on goods and services within the LGA; and

3. Actively encourages, through the use of the social and print media, and any other means available to them, that local businesses co-operate with each other during this crisis, and encourage consumers to shop locally wherever possible.
The Interim Local Preference Policy is designed to promote a ‘Local Spend Initiative’ within the organisation and give Council staff the tools and guidance to consider local service providers when and where possible as a first preference.

During the construction of the interim policy considerations were given to long term impacts of the Covid-19 pandemic on the local economy and how our day to day expectations of service delivery from local service providers may be impacted.

The impact of COVID-19 on the local economy is material, and Council can reduce the impact by supporting local service providers. Whilst we have some gaps within certain industries, it is believed that those gaps would become greater where we would potentially seek organisations outside of our LGA for basic services such as plumbers and electricians or property valuations and real estate agents. We must support local where we can. At a minimum, where goods and services are available locally:

- Council officers should ensure that local service providers be provided the opportunity in the first instance, for them to provide a quotation for consideration.
- By increasing the price advantage discount percentage providing the support to permit further consideration of the pricing submitted.

The Interim Local Preference Policy makes us look local first. With that said, Council must still undertake due diligence with regards to the evaluation of service providers to ensure that not only price is considered but other important criteria including but not limited to; experience and capability, licencing requirements, specifications to name a few are still acknowledged and considered overall.

For the avoidance of doubt, the term ‘local service provider’ includes those that provide either/or goods and services to Council and meet both of the following criteria;

- An organisation that operates from permanently staffed premises within the boundaries of Mid-Western Regional Council’s LGA and has operated from those premises for a minimum period of three (3) months before submitting the quotation or tender and

- An organisation that has less than 150 employees and is at least 50% owned by an individual (or individuals) that live WITHIN THE BOUNDARIES of Mid-Western Regional Council’s LGA and has done so for a minimum period of three (3) months before the organisation submits the quotation or tender. It is assumed that the individual/s reside/s at their address on the electoral role.

Community Plan implications

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<tr>
<th>Theme</th>
<th>Good Governance</th>
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<tbody>
<tr>
<td>Goal</td>
<td>An effective and efficient organisation</td>
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<tr>
<td>Strategy</td>
<td>Prudently manage risks association with all Council activities</td>
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Strategic implications

**Council Strategies**

Not Applicable
Council Policies
Local Preference Policy – should recommendation be altered, Council will continue within the guidelines of the existing Local Preference Policy.

Legislation
Local Government Act 1993
Council has an obligation under Section 55 of the Local Government Act to tender for goods and/or services over $250,000 unless otherwise minuted by Council

Financial implications
There may be a marginal rise (some material, some immaterial) in the projected costs of project/service delivery should Council agree to the Interim policy conditions.

Associated Risks
Potential loss of essential/basic services if locals are not supported where possible
Reduction of capital works achievements due to the (potential) increased costs of projects and also operating costs.

KRISTIE WARD
PROCUREMENT MANAGER

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

6 May 2020

Attachments: 1. Interim COVID-19 Local Preference Policy.

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER
POLICY
Interim Local Preference Policy – Covid 19

Objective

In the current climate of Covid-19 and its impact on our local community, Council is committed to supporting local businesses and industries. The objective of this interim policy is to create a framework that ensures Council gives due consideration to the actual and potential benefits to the local economy by offering opportunities for local businesses to participate.

Whilst maintaining a valuable approach for the community, it is important to maintain and continue value for money procurement activities in the future. Locally sourced goods and services will still be considered by being used where price, performance, quality, suitability and other evaluation criteria are comparable with non-locally sourced goods and services. However, at a smaller capacity during this interim period. The coverage period for this interim policy is the date of acceptance to 31 December 2020, however, to be reviewed by the General Manager and extended until 30 June 2021 if it is proven that there is still a low stimulus for the local economy. For the avoidance of doubt, locally sourced goods and services are those, which are procured from local service providers based permanently in the Mid-Western Regional Council area and meet all of the nominated criteria specified in this policy. This policy supports Council’s commitment to achieving continued support of both social and economic benefits for our community and also as well as the best value for money outcomes to Council and the community, while maximising opportunities for local businesses to compete for Council business.

This policy must be considered when undertaking all procurement activities including but not limited to:

- Ordering Services, Goods or Materials
-招雇咨询公司
- Tendering;
- Seeking Quotations

Legislative requirements

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Competition and Consumer Act 2010
- Fair Trading Act 1997 (NSW)

Related policies and plans

- Tendering Guidelines for NSW Local Government
- Council’s Procurement Policy
- Code of Conduct
- Statement of Business Ethics
Policy

Mid-Western Regional Council acknowledges that it has an important role to play in supporting the local community, particularly local business and industry in the event of an unprecedented, unpredictable incidents that cause major financial loss in the local economy. For example, the economic and social impacts of Covid-19 in the local economy and Council is committed, when financially able, to assisting local industry engage in business with Council and to assist local industry and local economic development Council will:

- Encourage a ‘buy local’ culture within the Council;
- Advertise all tenders, contracts and expressions of interest in the local media and by other means as deemed appropriate;
- Ensure links to all tenders, contracts and expressions of interest are available on Council’s website;
- Disseminate contract and tender information to local industry, in a manner deemed appropriate;
- Package requirements in appropriately sized contracts to suit market capacity and encourage competition;
- Ensure that buying practices, procedures and specifications do not disadvantage local service providers and promote transparency in quotation, tendering and contract management practices;
- Encourage local businesses to promote their goods and services to Council;
- 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
- Apply a price preference discount in favour of local service providers, as set out in this policy.

Social & Economic Development Considerations

Council's community plan includes:

Strategy 3.1.1 – support the attraction and retention of a diverse range of businesses and Industries.

Council is aware that investing in local businesses by engaging them, when appropriate, for council works and services, assists in growing the local economy and results in positive social impacts for the community. For every $100,000 spent in the local government area, this generates an additional $169,000 in economic output and creates 1 additional job in the local economy.

Value for money is a key objective of Council's Procurement Policy. It ensures that Council achieves the best possible outcome for the amount of money spent. Value for money does not necessarily mean selecting the bid that offers the lowest initial price. It represents the best return and performance from the money spent over the entire life of the product or service. With that said, in the current climate, the loss of local business and/or industries would have a long term impact to the ideology of buy local and value for money concepts. Without Council support and without the

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protection of our local supply chain, value for money and buy local becomes a market of out of town prospectors that do not contribute any of their income to our local community in any way.

The ongoing financial impacts of an event like Covid-19 has the potential to expunge basic services such as trades people from our community, meaning if Council were forced to source these services out of town, it would not provide a value for money outcome for the community, nor provide long term benefits to our community by way of return local investment. We support local business, local businesses support each other, local investment is a natural result.

Purchasing decisions will be assessed on a value for money basis whilst giving full consideration to:

- Open and effective competition, ensuring tenders are evaluated on equal footing as specified in the approved tender documentation;
- Ethical behaviour and fair dealing;
- Compliance with specifications, guidelines and requirements;
- The advantages of dealing with local businesses including local knowledge, networks and relationships, administrative and operational efficiencies, availability and access to after sales service and maintenance;
- The service provider’s knowledge, experience and ability to fulfill the requirements of Council;
- Meeting the needs of the community;
- Whole-of-life cycle costs;
- Compliance with and capability to satisfy technical specifications, guidelines and other requirements such as financial capacity, industry reputation, and quality and safety systems;
- The service provider’s commitment to supporting other local businesses through their subcontracting and service provider arrangements;
- Net benefits to Council including the benefits of maintaining an ongoing, innovative and competitive local business environment, including economic benefits and employment;
- Environmental protection; and
- Job creation potential.

Overall, the value for money assessment must deliver quality, compliant outcomes at competitive appropriate pricing, whilst recognising the impact of procurement decisions by Council on local industry and economic development. Notwithstanding this policy, assessments in the selection criteria must also consider all of the above factors in conjunction with price and locality considerations.

Local Preference

For all quotations and tenders for the supply of goods, materials and/or services for Mid-Western Regional Council a price advantage is given to Local Service Providers (LSP). In the process of determining the successful service provider, a percentage will be nominally deducted from the Local Service Provider price for the purpose of price comparison. The following price preference discounts will be applied under this policy.
Staff will give consideration for Procurement purchases to those within the Local Government area in the first instance. VendorPanel MarketPlace provides the facilities for staff to identify the number of suppliers available with our LGA. However, should it be identified that there are service providers missing, it is the Council staff’s responsibility to ensure that service providers are encouraged register on the electronic quoting portal. Where there is less than an appropriate number of suppliers available, limited experience or inappropriate or inflated pricing, Council will seek quotes outside of the LGA. The following discounts will apply:

- Purchases up to $149,999 LSP’s given 20% discount (non-tendered)

Purchases over $150,200 – Where Council tender for goods &/or services LSP’s given 10% discount on all tendered values a percentage will be allocated by way of weighted criteria to LSP’s if deemed appropriate. The nominated discount may vary from 0% – 50%.

Council staff preparing tender documentation must provide, document and record the reasons why a certain percentage has or has not been allocated. The relevant Director or Chief Financial Officer will approve the nominated percentage discount applied to the weighted criteria from the information received.

Applying a notional reduction in price will increase the competitiveness of a Local Service Provider against other service providers.

As price is only one factor for consideration when evaluating any quotation or tender, the application of the nominal offset does not guarantee that the tenderer receiving the offset will be the successful applicant.

For the avoidance of doubt, the price actually paid by Council under any resulting contract or acceptance of pricing submitted, not including the offset – Council will be subject to the actual submitted price.

A “Local Service Provider” will be defined as:

- An organisation that operates from permanently staffed premises within the boundaries of Mid-Western Regional Council’s LGA and has operated from those premises for a minimum period of three (3) months before submitting the quotation or tender, and
- An organisation that has less than 50 employees and is at least owned by an individual (or individuals) that live WITHIN THE BOUNDARIES of Mid-Western Regional Council’s LGA and has done so for a minimum period of three (3) months before the organisation submits the quotation or tender. It is assumed that the individual/s reside/s at their address on the electoral role.

If subsequent investigations by Council prove that false declarations were made and this organisation should not be considered a “Local Service Provider” then the Local Preference Policy will not apply and that service provider will not be able to supply goods, materials and/or services to Mid-Western Regional Council for a period of 12 months.

The nominal percentage reduction for price comparison will not be applicable to any business that has more than 50% ownership by any person who is elected as a Councillor to represent Mid-Western Regional Council.

Council’s designated person, the ‘General Manager’, will make the final determination as to the acceptable status of a Local Service Provider and is not subject to challenge.