

Procurement Preference

6 December 2019

Procurement Preference

Outcomes

- To provide an overview of prior discussions
- To highlight the advantages and disadvantages of Procurement Preference
- If Councillors wish to proceed, discuss the key parameters that could be included within a draft Policy
- To provide an overview to Councillors of the other mechanisms that are being developed to assist local businesses to do business with Council

Procurement Preference

Prior Discussions

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Prior Discussions

Date	Matter
31 January 2011	Notice of Motion and a draft Local Preference Policy considered by Council – requested a further report
18 February 2011	Legal advice received in relation to the draft Policy
28 March 2011	Council resolved not to proceed
15 February 2016	Workshop with Councillors to discuss a Local Preference Policy and building resilience in local suppliers. No consensus on proceeding with a Policy.

Procurement Preference

Advantages and Disadvantages

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Advantages

- Developing local businesses
- Assists to deliver local economic growth by retaining spend within the area
- Assists creating or retaining employment opportunities
- Strengthens business relationships

Procurement Preference

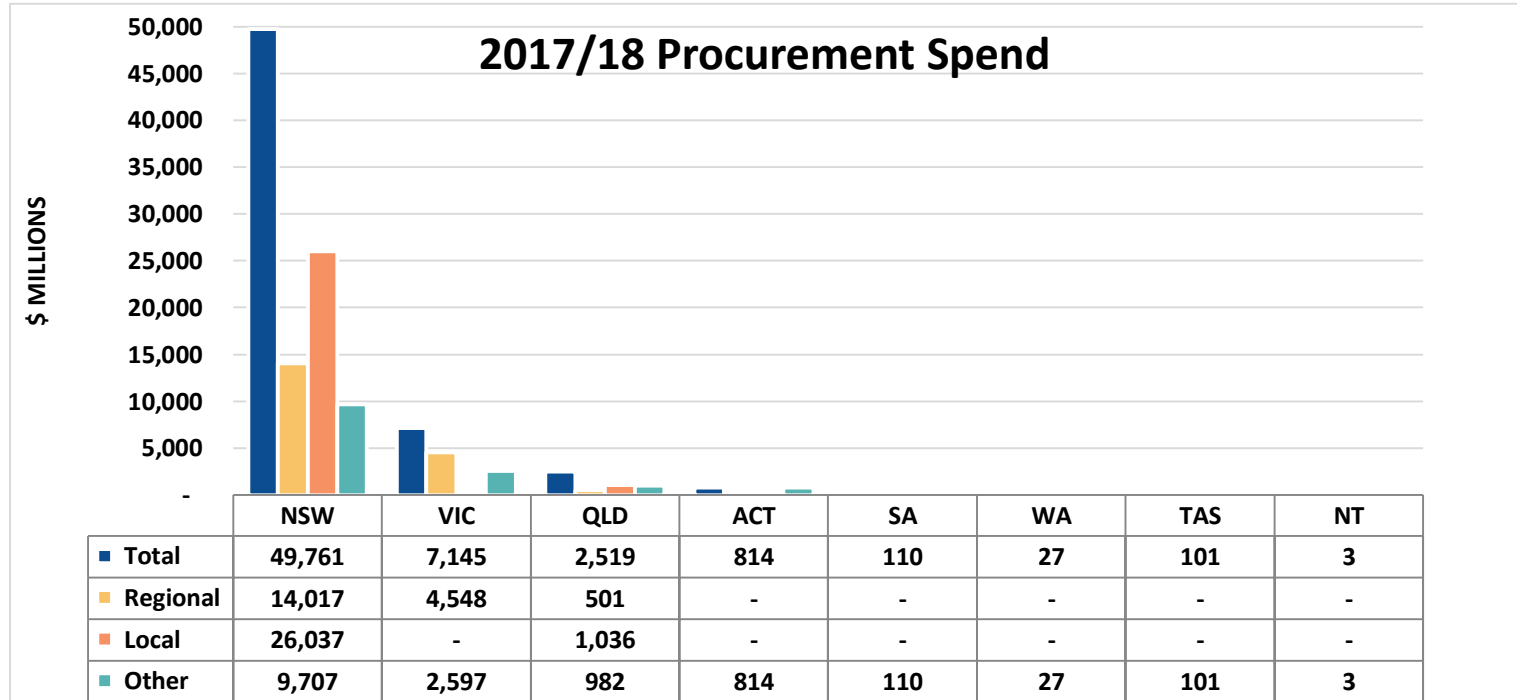
Disadvantages

- Can impact on competition (businesses outside the area may not submit to a Request for Quote/Tender) which can also lessen the drive of a business to contain costs
- Adds a layer of bureaucracy in determining what inputs of an offer are classed as local/regional and those that are not
- Potential increased costs to council and the community to deliver the same services and infrastructure
- Possible contravention of the *Competition and Consumer Act 2010* (formerly the *Trade Practices Act 1974*) established by the Federal Government (unlikely unless the Policy is designed to significantly reduce competition)
- Increased risk of negative perceptions forming about the probity of council practices and conflicts of interest for staff and councilors

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Wagga Wagga City Council Statistics

Wagga Wagga City Council Statistics



Wagga Wagga City Council Statistics

State/Territory	Abbreviation	Total	Regional	Local	Other	Total	Regional	Local	Other
New South Wales	NSW	49,761	14,017	26,037	9,707	82%	23%	43%	16%
Victoria	VIC	7,145	4,548	-	2,597	12%	8%	0%	4%
Queensland	QLD	2,519	501	1,036	982	4%	1%	2%	2%
Australian Capital Territory	ACT	814	-	-	814	1%	0%	0%	1%
South Australia	SA	110	-	-	110	0%	0%	0%	0%
Western Australia	WA	27	-	-	27	0%	0%	0%	0%
Tasmania	TAS	101	-	-	101	0%	0%	0%	0%
Northern Territory	NT	3	-	-	3	0%	0%	0%	0%
		60,481	19,067	27,073	14,341	100%	32%	45%	24%

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Options for Parameters

Options for Parameters

Local or Regional

- How to define?
- Local Content – means goods or services procured from a local supplier or employees living permanently in the Wagga Wagga Local Government Area
- Local Supplier – means a business, contractor or industry:
 - Either permanently based in, or employing staff operating from permanent premises situated within the Wagga Wagga LGA boundary for not less than six months prior to the date of the Procurement Request, and
 - Registered or licensed in New South Wales

Options for Parameters

Regional

- Similar definitions as local content and local supplier, however expanded to cover the RDA – Riverina Region



Options for Parameters

Percentage Price Discount for Assessment Purposes

- Many options
- Could apply both definitions of local and regional and scale discount
- Could scale discount according to purchase amount
- Option to include a maximum discount amount
- Could only apply price discount if all qualitative assessment scores were equal

Options for Parameters

Local Content Selection Criteria

- For procurement activity could include a local content weighting as part of the selection criteria:
 - RFQ's to commence at what value? Over \$50,000 Procurement Team generally involved
 - RFT's – possibly RFT's only?
- Requirement of supplier to demonstrate local content
- Could include such things as:
 - Creation of local employment opportunities
 - More readily available servicing support
 - Economic growth within the local area
 - Contributions to the community

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Other Factors to Consider

- Potentially not proceeding unless Local and Regional procurement expenditure falls below a certain percentage
- If proceeding:
 - Trial period – 6-12 months
 - Setting aside funds for additional purchase price in a Reserve (if any) so as not to impact on project costing
 - When/if Policy used for Tenders, inclusion of impact in Council resolution
 - Possibly include cost of Policy impact in Annual Report

Alternative Mechanisms

LG Procurement Toolkit

- Developed by NSW Small Business Commissioner – “Easy to do Business”
- Can utilise resources without signing up to Pilot (finishes in March)
- Includes tools for Councils and tools for small businesses

Community Education

Stage 1

- Developing education program
- Engaging with Business Chamber and appropriate First Nations contacts to determine opportunities
- Provision of LG Procurement toolkit to community through:
 - Key stakeholders
 - Forums
- Identify pain points for contractors
- Upcoming Procurement Opportunities with Council
- Broad discussion on:
 - Procure to Pay Project – what it means to suppliers
 - Electronic Procurement – stage of project and what it may involve (dependent upon outcome of RFQ and supplier chosen)

Community Education

Stage 2

- Specific training opportunities relating to:
 - Electronic procurement portal and onboarding
 - RfX processes and how to make a submission

Next Steps?