



City of **HOBART**

CITY OF HOBART

Local Preference Procurement Policy

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1 Authority and Application

Policy Name	City of Hobart Local Preference Policy
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Source of approval/authority	Council
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Responsible Officer	Manager Rates, Procurement and Finance Operations
Department responsible for policy development	City Procurement
Strategic Plan reference	Outcomes 4.1, 4.2, 4.3, 4.4 and 8.5
Related policies	<ul style="list-style-type: none"> • <i>Local Government Act 1993 (Tas)</i> • <i>Local Government (General) Regulations 2015 (Tas)</i> • Council Policy - Procurement • City of Hobart Code for Tenders and Contracts • City of Hobart Purchasing Policy and Guidelines • City of Hobart Procurement Strategy 2018-22 • City of Hobart Purchasing Card Policy • City of Hobart Code of Conduct • City of Hobart Fraud and Corruption Control Plan
Publication of policy	City of Hobart website at: https://www.hobartcity.com.au/Council/About-Council/Council-policies

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2 Introduction

Council acknowledges that it has an important role to play in supporting the local economy and is committed to enhancing the capabilities of local business and industry to compete for the City of Hobart's business and works. To assist local business and industry and local economic development, Council will apply this Policy within its purchasing and tendering activities for the City's goods, services and works.

In accordance with the *Local Government (General) Regulations 2015* the City's purchasing is conducted in accordance with the following procurement principles:

- Value for money
- Ethical behaviour and fair dealing
- Encouraging open and effective competition
- Enhancement of the capabilities of local business and industry.

Enhancement of the capabilities of local business and industry means where local capacity exists, actively seeking to engage the local market and encourage their participation in Tender and Quotation processes, through:

- Actively seeking quotes from local businesses and industry.
- Where local capability exists, ensuring that the discretionary elements of specifications do not prevent local businesses and industry from competing.

It should be noted that in its day-to-day operations the City procures goods, services and works from suppliers outside of the local area where they cannot be supplied or performed by local business or where to do so would not achieve value for money for the City of Hobart.

This Policy must be read in conjunction with the City's Code for Tenders and Contracts and Procurement Policies - as set out in section 2.6.

2.1 Objective

The objective of this Policy is to create a framework that ensures the City considers the benefits to the local economy of sourcing goods, services and works locally where possible whilst ensuring the achievement of value for money.

This Policy seeks to maximise the use of local businesses to supply goods, services and works to the City thereby encouraging local employment opportunities and generating economic growth.

2.2 Purpose

The purpose of this policy is to support local businesses and industry and encourage local economic business activity for the benefit of local communities.

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2.3 Scope

This Policy covers the procurement of goods, services and works by the City of Hobart. This Policy does not apply to the following activities:

- Design and execution of works of art
- Grants or assistance
- Donations
- Property transactions
- Leasing.

This Policy applies to the City of Hobart, its employees and agents and any business or organisation wishing to compete for City of Hobart business or provide goods, services or works to the City. This includes contractors, subcontractors, consultants and suppliers.

This Policy applies to all new contracts and procurement processes commenced from the start date of this Policy.

2.4 City of Hobart Capital City Strategic Plan 2019-2029

This Policy is consistent with the City of Hobart Capital City Strategic Plan 2019-2029, specifically:

Outcome 4.1 Hobart's economy reflects its unique environment, culture and identify.

- Strategy 4.1.1 Identify and support Hobart's niche industries, which reflect the geography, climate, places or particular skills found in Tasmania.
- Strategy 4.1.6 Support local businesses and enterprises working to find innovative solutions to significant challenges.

Outcome 4.2 People have a range of opportunities to participate in the economic life of the City.

- Strategy 4.2.1 Support ways of welcoming people of all backgrounds to participate in Hobart's economy and professional communities.
- Strategy 4.2.2 Promote Hobart as an innovative hub for remote workers, sole traders and nice small businesses.

Outcome 4.3 Diverse connections help Hobart's economy, businesses and workers thrive.

- Strategy 4.3.2 Actively support and engage with local area businesses, business groups and other business networks.

Outcome 4.4 Hobart is a place where entrepreneurs and businesses can grow and flourish.

- Strategy 4.4.1 Create opportunities for businesses to engage with the City.
- Strategy 4.4.2 Support and engage with new and emerging entrepreneurs.

Outcome 8.5 Quality services are delivered efficiently, effectively and safely.

- Strategy 8.5.4 Delivery best value for money through strategic procurement decision-making.

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2.5 Related Policies and Legislation

This Policy relates to and depends on other Council policies, as well as Tasmanian Government legislation, including:

- *Local Government Act 1993*, particularly Division 2A – Tenders and contracts for goods and services
- *Local Government (General) Regulations 2015*, particularly Part 3 – Tendering and Contracting
- City of Hobart Code for Tenders and Contracts
- City of Hobart Purchasing Policy and Guidelines
- Council Policy – Procurement
- City of Hobart Purchasing Card Policy
- City of Hobart Code of Conduct
- City of Hobart Fraud and Corruption Control Plan

2.6 Policy Review and Update Cycle

This Policy will be reviewed at least bi-annually or earlier if impacted by changes in legislation, regulations, standards, Council policy or other circumstances. Variations to this policy will be subject to Council approval.

3 Definitions

<u>Term</u>	<u>Meaning</u>
Contract	A formal agreement entered into between the City and the successful Tenderer for performance of the City's requirements.
Local preference	Refers to Council's commitment to the enhancement of the capabilities of local business and industry.
Local area	Local area means, in order of significance and weighting: <ul style="list-style-type: none">• The Hobart municipal area¹• The Greater Hobart area²• The state of Tasmania
Local business	Local business means a supplier that:

¹ As defined in the Central Plan Register CPR 9814

² ABS Greater Capital City Statistical Area

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	<p>(i) is beneficially owned and operated by persons who are residents or ratepayers in the Local Area;</p> <p>(ii) has its principal place of business within the Local Area; or</p> <p>(iii) otherwise has a place of business within the Local Area that solely or primarily employs or subcontracts persons who are residents or ratepayers in the Local Area.</p>
Quotation	An offer from a prospective service provider in response to an invitation issued by the City to a select number of prospective suppliers.
Specification	The documents prepared for the purpose of describing the extent and the manner of the performance of the City's requirements, including preliminary and general requirements, directions, schedules, programs and drawings and other documents included with or referenced in a request for Tender or a request for Quotation.
Tender	An offer from a prospective service provider in response to an open and public invitation to tender by the City, whereby no limit is placed on the potential number of offers.

4 Identifying a Local Business

Whether a supplier is local will be based on the business address registered with Council. Other factors will include:

- Place of business that provides goods, services or works to Council.
- Regional / state / national office.
- Employs a Tasmanian workforce.
- Engages Tasmania businesses in manufacturing or as sub-contractors.
- A local supply chain that sources Tasmanian produced goods, services or works.
- Invests in the Tasmanian local community e.g. formal support, new skills or expertise being developed in Tasmania.

5 Policy

Council is committed to the principle of enhancement of the capabilities of local business and industry when entering into Contracts for the supply of goods, services or works.

Council recognises that value for money for the City's ratepayers is achieved when the broader economic benefits of local sourcing is achieved, rather than just the lowest price. The Council

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acknowledges that economic benefits flow to all local businesses where Council maximises opportunities for local businesses and industry to compete for Council's business on the basis of value for money.

5.1 Enhancing the Capabilities of Local Business and Industry

In undertaking procurement activities, Council is required to comply with the procurement principle of enhancing the capabilities of local business and industry as outlined in the *Local Government (General) Regulations 2015*.

Council will enhance the capabilities of local business and industry by:

- Ensuring local business is given equal opportunities to do business with the City.
- Ensuring local business is provided with opportunities to enhance their tendering capability by:
 - Encouraging a buy local culture within the Council, promoting the advantages of buying locally.
 - Requiring the wider social and economic benefits of purchasing to be considered in Quotations and Tenders.
- Encouraging local businesses and industry to participate in Council business by:
 - promoting opportunities in the local newspaper (tenders only) and the City's e-tendering portal Tenderlink.
 - Providing key information, tips, tools, training and coaching to increase competitiveness to win council business e.g. through pre-tender briefings, debriefs, the City's e-tendering portal TenderLink and the City's website,
- Ensure that procurement policies and procedures do not disadvantage local businesses.
- Ensure transparency in Council procurement activities.
- Ensure appropriate ethical and social procurement standards are applied by the City and external service providers.
- Ensuring that payments to suppliers are made promptly in accordance with the terms of engagement and encouraging payment by purchasing card where the amounts are low value and high volume.
- Actively engage with local business and encourage them to submit a Quotation or Tender where they are capable and have capacity to meet the City's requirements.

5.2 Local Preference – Social and Economic Benefits

Local preference provides tangible social and economic benefits to the City. Therefore the following benefits will be considered in evaluating Quotations / Tenders:

- The ability to provide maintenance and support in a timely and readily available manner.
- A local presence which enables more accessible communication and collaboration opportunities with suppliers to further enable effective and efficient contract management.
- Encouraging businesses from outside the local area to have a local focus in their service and sourcing activities.
- Support for economic growth within the local area.

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- Boost employment opportunities in the local area with commercial flow on effects for communities.

5.3 Local Business Requirements for Procurements less than \$100,000

Quotations for goods, services or works with a Contract value less than \$100,000 are to be sought from local business in line with the City's procurement thresholds where local capability and capacity exists.

Where a weighted evaluation criteria is used in the evaluation of procurements with a contract value less than \$100,000, a minimum evaluation weighting of 10% will be assigned for local business.

5.4 Local Business Requirements for Procurements over \$100,000

Quotation and Tender evaluation processes will be undertaken with the aim of determining the Quotation or Tender which represents the best value for money to the Council. In addition to other qualitative (non-price) and price criteria, the City will include a local evaluation criteria with a minimum weighting of 10% to all offers received in response to its Quotations and Tenders where the offer is able to demonstrate social and economic benefits.

When evaluating offers the following scoring will be applied to the local preference evaluation criteria:

Definition	Scoring	Supporting Business
A Local Business predominantly in the Hobart municipal area.	>6 - 10	Score within nominated range will be evaluated based on significance of economic and social benefits contributed predominantly within the Hobart municipal area and if relevant any other area within the definition of Local Area.
A Local Business predominantly in the Greater Hobart area	>4 - 8	Score within nominated range will be evaluated based on significance of economic and social benefits contributed predominantly within the Greater Hobart area and if relevant any other area within the definition of Local Area.
A Local Business predominantly in the state of Tasmania.	>2 - 6	Score within nominated range will be evaluated based on significance of economic and social benefits contributed predominantly within the state of Tasmania.
A non-Local Business.	0 - 2	Does not satisfy the definition of Local Business. Economic and social benefits are outside of the local area.

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6 Implementation

The application of the City's local preference policy must be clearly identified within the Tender / Quotation documents to which the preference is to be applied.

When submitting a Quotation or Tender, suppliers will be required to complete a local preference Tender/Quotation form outlining the economic and social benefits that the procurement will provide to the local community.

7 Contacts

For more information on Procurement please contact the City's Procurement team on:

Tel: 03 – 6238 2163

Email: procurement@hobartcity.com.au

Or visit the City's website at: www.hobartcity.com.au/Business/Purchasing-and-tenders

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