



Local procurement policy

A. POLICY SUMMARY

A.1 This document sets out LOCKHART's policy in relation to considering and favouring Local Content when acquiring goods and services.

A.2 The General Manager has authority to depart from this policy when that departure results in an identified and recorded benefit to the LOCKHART.

B. POLICY OBJECTIVES

B.1 LOCKHART is committed to obtaining the best possible value for ratepayers through the implementation and management of a fair and appropriate procurement system.

B.2 LOCKHART also recognises its role in the local community as a purchaser of significant quantities of goods and services. Given that role within the local community, it is important that it also consider the potential positive effect it can have in encouraging and facilitating the local economy through considering the level of Local Content contained in Offers for the supply of goods and services.

B.3 Through the provisions of this Policy, LOCKHART aims to encourage the development and promotion of business and industry within the Central Coast region, and, in so doing, assist in creating growth and employment in the region.

B.4 In accordance with this Policy, LOCKHART will apply a preference as specified herein to Offers for the provision of goods and services that demonstrate a level of Local Content.

B.5 To act transparently and publicly document the objective criteria which may be considered in the assessment of procurement decisions.

C. DEFINITIONS

C.1 **"Local"** - means the KRG territory, specifically the Erbil; Duhok; Suly and Zako Local Government Areas.

C.2 **"Local Content"** – means goods and services procured from a Local Supplier or employees living permanently in the Local area.

C.3 **"Local Supplier"** means a business, contractor or industry either permanently based in, or employing permanent staff operating from, permanent premises situated within the Local area for not less than six months prior to the date of first advertising or calling for Offers.

C.4 **"Offers"** – means quotations, tenders, expressions of interest and submissions made under a



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competitive basis for the provision of goods and services to LOCKHART.

C.5 **“Most Competitive Offer”** – means the Offer that is assessed as the highest scoring prior to evaluation of Local Content.

C.6 **“Preferred Offer”** – means the Offer that is assessed as the highest scoring following evaluation of Local Content.

C.7 **“Policy”** – means this Local Preference Policy – Procurement.

C.8 **“Services”** – means procurement under which the provider primarily supplies time, effort and/or expertise to LOCKHART. Examples: Trade services for asset maintenance, provision of plant with operator, undertaking a feasibility study.

C.9 **“Goods”** – mean procurement primarily concerning the transfer of the title in products, commodities, equipment and other tangible items from the provider to LOCKHART. Examples: Supply and delivery of quarry products, purchase of plant & equipment.

C.10 **“Works”** – means procurement requiring the provider to construct or significantly rehabilitate assets necessitating the use of substantial levels of both Services and Goods. Examples: Construct new community centre, reconstruct road pavement, supply and install air-conditioning system.

D. LEGISLATIVE AND GOVERNANCE MATTERS

D.1 This Policy recognises the procurement of goods and services by LOCKHART must be in accordance with the legislative framework that is set out in the *Local Government Act 2005* and the *Local Government (General) Regulation 2014*, as well as relevant requirements under Iraq republic.

D.2 To support good governance in the implementation, operation and management of this Policy, the following will be observed:

D.2.1 This Policy will be adopted by LOCKHART in open session.

D.2.2 Subsequent reviews and amendments to this Policy are to be made in open session by LOCKHART.

D.2.3 Minor administrative changes necessary to accommodate legislative changes and the like will be approved by the General Manager.



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D.2.4 The full Policy will be published on an appropriate page of LOCKHART's web-site.

D.2.4 Formalised requests issued by LOCKHART seeking competitive Offers will include a statement outlining the use and application of this Policy and the internet address to obtain the full Policy.

D.2.5 All reports to LOCKHART making recommendation for the award of contracts will include details of the effect to the recommendation arising from application of this Policy.

D.2.5 On an annual basis, or at shorter intervals as deemed necessary by the General Manager, a report will be prepared for inclusion in a LOCKHART business paper detailing the outcomes of applying this Policy, including:

- The number of times that application of this Policy influenced procurement decisions.
- The names of beneficiaries of decisions made through application of this Policy.
- The financial implications to LOCKHART in applying this Policy.
- The effectiveness of this Policy in developing and promoting business and industry within the Local region.
- Recommendations for amendments to this Policy.

D.3 LOCKHART's Procurement Policy is available from LOCKHART's website. It sets out administrative matters in relation to the procurement of goods and services. Regard shall be had to this Policy in the application of the Procurement Policy. The Local Preference Policy - Procurement will have precedence in the event of any conflict with the Procurement Policy.

E. OPERATION OF POLICY

E.1 The Policy will apply to all procurement with a definable cumulative value greater than \$20,000.00 (ex GST) that is to be sourced from a single supplier.

E.2 Offers must be sufficiently detailed to enable LOCKHART to assess Local Supplier status or the level of Local Content included. To support assessment of Local Supplier status or the level of Local Content contained in Offers, LOCKHART may provide pro-forma templates to bidders for completion and/or require bidders to provide necessary detail in another form(s).

E.3 In assessing Offers, LOCKHART and its officers must be reasonably satisfied as to Local Supplier status or the level of Local Content stated. It is the responsibility of bidders to provide

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relevant documentary evidence to establish the veracity of the claimed Local Supplier status or level of Local Content. LOCKHART retains the right within its sole discretion to accept the veracity of stated Local Content.

E.4 To assess Offers, LOCKHART may develop appropriate evaluation criteria for individual procurement transactions. Price and Local Content will be mandatory criteria. Other non-price criteria may also be applied dependent on the specific circumstances.

E.5 A weighting will be applied to each evaluation criterion. Local Content will have a mandatory weighting of 10% of the total evaluation criteria. Weights applied to price and non-price criteria will have a maximum cumulative weighting of 90%.

E.6 The level of Local Content will be assessed as follows:

- The level of Local Content in an Offer submitted by a Local Supplier will be assessed at 100%
- The level of Local Content in an Offer submitted by a non-Local Supplier will be assessed at the percentage of the Net Costs of their Offer which includes or is attributable to Local Content. 'Net Costs' means the total amount offered by the bidder for the supply of goods or services, including freight or delivery charges, excluding GST and any discounts or rebates offered by the bidder.

E.7 The maximum adverse financial implication to LOCKHART per procurement transaction arising from the application of this Policy will be limited. In setting the limitations, LOCKHART recognises that different types of procurement will have varying effects on the Local economy. For this reason, this Policy recognises three types of procurement and are defined under Clauses C8, C9 & C10 of this Policy i.e.

1. "Services"
2. "Goods"
3. "Works"

E.8 Where as a direct consequence of applying this Policy an Offer is assessed as the Preferred Offer, then reference shall be made to this Clause prior to acceptance of such Offer. The limitations will be applied as follows:

E.8.1 Financial Limitations - Procurement Primarily for Services



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Expenditure Range - Most Competitive Offer (ex GST)	Maximum Unfavourable Financial Implication %
>\$20,000 to <\$50,000	10% or \$5,000 above the price component of the Most Competitive Offer, whichever is the lower.
\$50,000 to <\$150,000	7.5% or \$11,250 above the price component of the Most Competitive Offer, whichever is the lower
\$150,000 to <\$500,000	5% or \$25,000 above the price component of the Most Competitive Offer, whichever is the lower.
\$500,000 to <\$1M	3.5% or \$35,000 above the price component of the Most Competitive Offer, whichever is the lower.
>\$1M	2.5% above the price component of the Most Competitive Offer, up to a maximum of \$50,000.



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E8.2 Financial Limitations – Procurement Primarily for Goods

Expenditure Range - Most Competitive Offer (ex GST)	Maximum Unfavourable Financial Implication %
>\$20,000 to <\$50,000	2% or \$1,000 above the price component of the Most Competitive Offer, whichever is the lower.
\$50,000 to <\$150,000	1.5% or \$2,250 above the price component of the Most Competitive Offer, whichever is the lower.
\$150,000 to <\$500,000	1.25% or \$6,250 above the price component of the Most Competitive Offer, whichever is the lower.
\$500,000 to <\$1M	1% or \$10,000 above the price component of the Most Competitive Offer, whichever is the lower.
>\$1M	0.5% above the price component of the most Competitive Offer, <u>up to a maximum of \$20,000</u>

E8.3 Financial Limitations – Procurement for Works

Expenditure Range - Most Competitive Offer (ex GST)	Maximum Unfavourable Financial Implication %
>\$20,000 to <\$50,000	7.5% or \$3,750 above the price component of the Most Competitive Offer, whichever is the lower.
\$50,000 to <\$150,000	5% or \$7,500 above the price component of the Most Competitive Offer, whichever is the lower.
\$150,000 to <\$500,000	3% or \$15,000 above the price component of the Most Competitive Offer, whichever is the lower.
\$500,000 to <\$1M	2% or \$20,000 above the price component of the Most Competitive Offer, whichever is the lower.
>\$1M	1.5% above the price component of the most Competitive Offer, <u>up to a maximum of \$35,000</u>



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E.9 In the event a Preferred Offer exceeds the applicable limitation threshold as stated at Clause E.7, the Offer to be accepted will be, in order, either:

- The next ranked Preferred Offer which does not exceed the applicable limitation threshold.

Or, in the event that all Preferred Offers are in excess of the applicable limitation threshold:

- The most Competitive Offer.

E.10 Examples of the methodology of the assessment of Offers under this Policy, including application of financial limitations are included in LOCKHART's document.

F. EXTERNALLY ESTABLISHED ARRANGEMENTS

F.1 Where LOCKHART acquires goods and services under standing offer arrangements established by external authorities and co-operative bodies, acquisitions made under such arrangements will be subject to this Policy insofar as the specific arrangement enables a choice of providers and/or the ability to seek competitive pricing, with a condition that the price is limited to the maximum price prescribed in the arrangement (if any). Such acquisitions will generally occur via standing offer arrangements established by:

- KRG State Contracts Control Board
- Local Government Procurement Pty Ltd
- Hunter LOCKHART (Incorporated)
- Municipal Authorities Purchasing Scheme (MAPS) .

F.2 Where an externally established arrangement does not enable the selection of providers and/or ability to seek competitive pricing, then the maximum price payable by LOCKHART will be the rate prescribed within the arrangement.

G. SELECTIVE SOURCING OF OFFERS

G.1 For acquisition of goods and services that are not required to be sourced via a public tender in accordance with the KRG Local Government Act, LOCKHART officers will source Offers from Local Suppliers considered capable of fulfilling the specific requirements.

G.2 Where there are a sufficient number of known Local Suppliers capable of ensuring a



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competitive choice and can demonstrate an ability to meet LOCKHART's needs in relation to:

- Availability
- Suitability
- Capacity

LOCKHART will source Offers from such Local Suppliers to a level commensurate with the estimated expenditure as specified in the Procurement Policy.

Where there are insufficient Local Suppliers to ensure competitive choice, then LOCKHART may choose from any provider, including any that may be Local Suppliers.

G.3 The adoption of this Policy does not compel LOCKHART to invite Offers from any particular providers. The following will be applied when considering Providers who are to be invited to provide Offers:

G.3.1 LOCKHART may preclude inviting Offers from providers where past poor performance in the provision of goods and services has been established. The Director of the Department incurring the expenditure shall have jurisdiction over the preclusion (and re-inclusion) of any providers under this Clause.

G.3.2 LOCKHART will confirm Local Content undertakings contained in accepted Offers through an appropriate level of validation. Providers who fail to materially meet Local Content undertakings may be subject to preclusion from future opportunities to submit Offers in accordance with Clause G.3.1.