

CCSP 8 Regional Price Preference Policy



November 2018

This policy was adopted by Council to set governing principles in place that align the strategic direction of the organisation with Goal 4: Vibrant and Diverse Economy.

Objectives

To stimulate sustainable economic activity in the Shire by maximising the use of competitive local businesses in supplying goods, services and works purchased or contracted on behalf of the Shire of Augusta Margaret River (the "Shire").

Legislative Requirements

This policy sets out the requirements that must be complied with by the Shire for the implementation and application of a regional price preference when purchasing goods and/or services through a tender process. This policy is compliant with the Local Government (Functions and General) Regulations 1996, as the relevant legislation.

Policy

Regional Price Preference

A price preference will apply to suppliers who are based in, operate from, or source goods and services from within the Shire Region in relation to all tenders invited by the Shire for the supply of goods, services and construction (building) services, unless the tender document specifically states prior to advertising of the tender that this policy does not apply.

The regional price preference enables tender to be evaluated as if the proposed tender bid price were reduced in accordance with permitted price preferences as specified in this policy.

This policy will operate in conjunction with the purchasing considerations and procedures for tender as outlined in the Shire's Purchasing Policy when evaluating and awarding tender contracts.

Qualifying Criteria

A supplier of goods, services or construction (building) services is regarded as being a regional tenderer if:

- (a) That supplier has been operating a business continuously out of a premises in the Region for at least six months before the time after which further tenders cannot be submitted. This is further defined as follows and the supplier will be required to meet all of these criteria:
 - a. The supplier to have a physical business premises (in the form of an office, depot, shop, outlet, headquarters or other premises where goods or services are being supplied from), located in the Region. This does not exclude suppliers whose registered business address is outside the Region but undertake the business from premises located in the Region;

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- b. The physical location of the business premises in the Region has been operating on an ongoing basis for more than six months prior to the closing date for the tender;
 - c. A business having permanent staff that are based at the business premises located at the business premises located in the Region;
 - d. Management or delivery of the majority of the tendered outcomes will be carried out from the business premises located in the Region; and
 - e. The business being registered or licensed in Western Australia; or
- (b) Some or all of the goods or services are to be supplied from regional sources. Goods and/or services that form a part of a tender submitted may be wholly supplied from regional sources; or partly supplied from regional sources, and partly sourced from non-regional sources. Only those goods or services identified in the tender as being from regional sources may be included in the discounted calculations that form a part of the assessments of a tender when the regional price preference policy is in operation.

In order for the policy to apply, the tenderer is required to provide to the Shire written evidence within the tender submission which demonstrates compliance with the above criteria.

Tenderers who claim that they will use goods, materials or services supplier from regional sources in the delivery of the contract outcomes will be required, as part of the contract conditions, to demonstrate that they have actually used them.

Regional Price Preference Categories

The following levels of regional price preference will be applied (where relevant) to tenders received from a regional tenderer, as outlined above under this policy:

- **Where the contract is for goods and/or services:**

Up to a 10% price preference (to a maximum price reduction of \$50,000 excluding GST) where goods and/or services are sourced from within the Shire Region.

- **Where the contract is for construction (building) services:**

Up to a 5% price preference (to a maximum price reduction of \$50,000 excluding GST) where construction (building) services are sourced from within the Shire Region.

- **Where the contract is for goods or services (including construction (building) services), if the Shire is seeking tenders for the provision of those goods or services for the first time, due to those goods or services having been, until then, undertaken by the Shire:**

Up to a 10% price preference (to a maximum price reduction of \$500,000 excluding GST) where goods or services (including construction (building) services) are sourced from within the Shire Region.

Competitive Purchasing

Whilst price is a competitive consideration in the provision of goods and/or services via tender, it is only one aspect of the tender evaluation process. Value for money principals, as described within the Shire's Purchasing Policy, will be employed by assessing the price component in conjunction with the tender selection criteria and requirements in order to determine value for money. The tender offering the lowest price may not necessarily be successful.

Terminology

Construction (building) services: construction of and improvements to buildings (including housing) on or over any area of land, lake, river or ocean and any service related to that activity in the Shire Region.

Goods: tangible, quantifiable material requirements usually capable of being moved or transported that are purchased, rented, leased or hired by the Shire.

Region: the entire geographical area encompassed within the boundaries of the Shire of Augusta Margaret River.

Services: any tasks, consultancy, work or advice to be performed or provided that is procured by the Shire. Included are services such as management consultancies, outsourcing, maintenance contract/agreement, cleaning, waste removal, equipment repairs, external auditors, utilities and services, public infrastructure construction and repair etc.

Application

Responsibility for the implementation of this policy rests with the Director Corporate and Community Services and the Manager Corporate Services. The Policy is to be reviewed every three years.

Document and version control table

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