

2.3 REGIONAL PRICE PREFERENCE POLICY

Policy Owner: Corporate and Community Services
Person Responsible: Deputy Chief Executive Officer, Senior Finance Officer
Date of Approval: 21 June 2016
Amended: 17 October 2017

Objective: To stimulate economic activity and growth 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 Corrigin (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. The policy is compliant with the *Local Government (Functions and General) Regulations 1996*, as the relevant legislation.

Policy: A price preference will apply to suppliers who are based in, operate from or source goods or 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 tenders to be evaluated as if the proposed tender bid price were reduced in accordance with permitted price preferences as specified below in this policy. This policy will operate in conjunction with the purchasing considerations and procedures for tenders as outlined in the Shire's 'Purchasing Policy' when evaluating and awarding tender contracts.

Qualifying Criteria:

Regional Tenderer

A supplier of goods or services who submits a tender is regarded as being a regional tenderer if:

- a) that supplier has been operating a business continuously out of 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:
 1. 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 is located outside the Region but undertake the business from premises located in the Region;
 2. 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;
 3. a business having permanent staff that are based at the business premises located in the Region;
 4. management or delivery of the majority of the tendered outcomes will be carried out from the business premises located in the Region; and
 5. 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 supplied 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 supplied 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 services:* Up to a 10% price preference (to a maximum price reduction of \$50,000 excluding GST) where goods and services are sourced from within the Shire Region.
- *Where the contract is for construction (building) services:* Up to a 5% price preference (up 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 5% price preference (up to a maximum price reduction of \$200,000 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 principles, 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: is defined as the construction of and improvement to buildings (including housing) on or over any area of land, lake, river or ocean and any services related to that activity in the Shire Region.

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

Region: for the purposes of this policy the Region is specified as the entire geographical area encompassed within the boundaries of the Shire of Corrigin.

Services: means any task, 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.