

Council Policy – Regional Price Preference

Responsible Directorate	Office of the Chief Executive Officer
Responsible Business Unit/s	Office of the Chief Executive Officer
Responsible Officer	Senior Procurement Officer
Affected Business Unit/s	All

Objective

To promote local business partnerships within the Pilbara region and Shire of Ashburton (the Shire) by giving preference to regional suppliers in the procurement of goods or services via tender or quotation.

Scope

Applies to all relevant purchasing and procurement undertaken by, or on behalf of the Shire.

Policy Statement

This policy establishes the guidelines to promote local business partnerships within the Shire by giving preferential consideration to regional suppliers in the procurement of goods and/or services via tender or formal quotation.

The Shire will encourage local industry to do business with Council through the adoption of a regional price preference advantage in conjunction with standard tender and quotation considerations.

This policy will apply to all Shire tenders and quotations where prices are being sought from both local and non-local businesses.

1. Content

Regional Price Preference will be applied to all quotes and tenders over \$50,000, however only to the goods or services that are being supplied by a relevant regional supplier. Regional suppliers that intend to claim a regional price preference under this policy may be required to submit suitable proof of eligibility with their tender/quotation.

If, in the opinion of the Shire, a supplier has deliberately provided false or misleading information to benefit from this policy, their tender/quotation may be considered nonconforming and as such may be excluded from evaluation.

2. Price preference levels

A price preference may be given to a local business by assessing the tender from that local business as if the price bids were reduced by the values set out in regulation 24D(1) of the *Local Government (Functions and General) Regulations 1996*.

Level 1 – Suppliers located within the Shire’s municipal boundary

A preference may be given to a regional tenderer by assessing the tender from that regional tenderer as if the price bids were reduced by:

- (a) 10% - where the contract is for goods or services, up to a maximum price reduction of \$50 000, or
- (b) 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$50 000, or
- (c) 10% - where the contract is for goods or services (including construction (building) services), up to a maximum price reduction of \$500 000, if the local government 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 local government.

Level 2 – Suppliers located within neighbouring municipalities

A preference may be given to a regional tenderer by assessing the tender from that regional tenderer as if the price bids were reduced by:

- (a) 5% - where the contract is for goods or services, up to a maximum price reduction of \$50 000, or
- (b) 2.5% - where the contract is for construction (building) services, up to a maximum price reduction of \$50 000, or
- (c) 5% - where the contract is for goods or services (including construction (building) services), up to a maximum price reduction of \$500 000, if the local government 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 local government.

3. Proof of eligibility

Businesses who claim the regional price preference must indicate on their tender or quotation submission that they wish to claim the regional price preference and on which criteria they claim it.

Suitable proof of eligibility must be provided.

Where a price preference is being claimed by non-local business based on goods or services being supplied from regional sources only those goods or services identified in the tender or quotation as being from regional sources may be included in the discounted calculations that form a part of the assessments of a tender or quotation when a regional price preference policy is in operation.

If, in the opinion of the Shire, a supplier has deliberately provided false or misleading information to benefit from this policy, their quotation or tender may be considered non-conforming and, as such, may be disqualified.

4. Competitive purchasing

Price is only one factor that the Shire considers when evaluating a quotation or Tender. There is nothing contained within this policy that compels acceptance of the lowest price. The tender or quotation that is determined to be both cost effective and advantageous to the Shire will be the most likely to be accepted.

5. Consequences

This policy represents the formal policy and expected standards of the Shire. Elected members and employees are reminded of their obligations under the relevant Codes of Conduct to give full effect to the lawful policies, decisions, and practices of the Shire.

6. Roles and responsibilities

Employees will use the local market for their procurement requirements to encourage economic growth and local business partnerships where it is practical and reasonable to do so.

Employees are to ensure that the application of a regional price preference is clearly identified within the tender and quotation documents to which the preference is to be applied and that this policy is made available to businesses as part of the quotation or tender.

Definitions

Construction is the carrying out of any works that are construction, reconstruction, renovation, or alteration to any structure where there is a design element that has been initiated by the Shire. This includes but is not limited to residential buildings, commercial buildings, shelters, and civil construction including roads and other public infrastructure.

Quotation means a statement from a supplier setting out the cost for the supply of goods or services.

Local business in this policy is a regional tenderer as defined in the regulation 24(b) of the *Local Government (Functions and General) Regulations 1996*.

Regional tenderer means a supplier of goods or services who submits a tender and satisfies the following criteria:

- (a) that supplier has been operating a business continuously out of premises in the appropriate region for at least six months before the time after which further tenders cannot be submitted, or
- (b) some or all the goods or services are to be supplied from regional sources.

Region is defined as all businesses located within the Shire's municipal boundary (level 1 suppliers), or in a neighbouring municipality (Pilbara and Gascoyne Development Commission Areas (East Pilbara, Port Hedland, Karratha, Carnarvon, Exmouth, Shark Bay and Upper Gascoyne) (level 2 suppliers):

To claim level 1 regional price preference, a supplier must demonstrate that:

- (a) it has continually operated a business within the Town for at least six months; or
- (b) some or all the goods or services are to be supplied from Town sources.

To claim level 2 regional price preference, a supplier must demonstrate that:

- (a) it has continually operated a business for at least six months within a neighbouring municipality; or
- (b) some or all the goods or services are to be supplied from a neighbouring municipality. Regional Price Preference: when applied in relation to a quotation or tender submitted by an eligible local business, involves assessing the price component of the tender or quotation as if the tendered/quoted price were discounted in accordance with this policy.

Tender means a tender required under regulation 11 of the *Local Government (Function and General) Regulations 1996* or other tender procedure as determined by Council.

Relevant policies/documents

Council Policy – Purchasing and Procurement

Relevant legislation/local laws

Section 3.57 of the *Local Government Act 1995*

Part 4 of the *Local Government (Functions and General) Regulations 1996*

Office use only				
Relevant delegations	01.01.14 Tenders for Goods and Services			
Council adoption	Date	14 March 2023	Resolution #	039/2023
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