

Regional Price Preference Policy



November 2022

This policy was adopted by Council to set governing principles in place that align with the Strategic Community Plan 2040: Focus Area Performance: PL.4 Resilient circular local 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.

Application

This policy applies to all public tender processes that incorporate price as one of the weighted selection criteria against which tenders are evaluated.

Definitions

Construction (building) services means 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 means tangible, quantifiable material requirements usually capable of being moved or transported that are purchased, rented, leased or hired by the Shire.

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

Services means 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.

Policy

1. Regional Price Preference

A price preference will apply to tenderers who are based in, operate from, or source goods and services from within the Region in relation to all tenders invited by the Shire for the supply of goods, services and construction (building) services where price is a weighted selection criteria, unless the tender documentation specifically states 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 in this policy.

REGIONAL PRICE PREFERENCE 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.

2. Qualifying Criteria

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

- (a) That tenderer is located within the Region, having a permanent physical business premises and staff located in the Region, for a period of at least six months prior to the closing date of the tender; or
- (b) Some or all of the goods or services are to be supplied from sources within the Region.

A tenderer located within the Region in line with (a) above will be eligible for the regional price preference on their entire tender price.

A tenderer located outside the Region but who identifies in their tender that some or all goods and services provided will be sourced from within the Region under (b) above will be eligible for regional price preference only on the portion of goods and services sourced in the Region.

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.

3. 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 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 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.

4. 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.

Legislation

Local Government Act 1995

Local Government (Functions and General) Regulations 1996 – Part 4A

Related documents

Purchasing Policy

Document and version control table			
Responsible Directorate	Corporate and Community Services		
Contact officer	Project Management & Procurement Officer		
Adopted / approved by:	Council		
Date of adoption / approval:	9 November 2022	Decision Ref: OM2022/199	
Date of next review	2026		
Version	Date	Decision Ref.	Brief description
1.0	27 January 2016	OM2015/250	Council Adoption and Initial Issue
1.1	November 2018	OM2018/316	Review with minor amendments, update to conform with new style guide
1.2	November 2022	OM2022/199	Review with minor amendments, update to conform with new style guide