

## 3.2 Purchasing – Regional Price Preference

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**Statutory context** Local Government (Functions and General) Regulations 1996 –

- r.24B – terms used
- r.24C – authority to adopt a policy
- r.24D – maximum % discount and maximum \$ value of discount permitted
- r.24E – once prepared, Statewide notice is required, submissions invited, and if significant changes made, further Statewide notice
- r.24F – Policy can't be adopted until after Statewide notice of adoption, and specified matters must be in the policy, and the policy must be included in tender specifications

**Corporate context** Delegation 3.1 – Tenders – authority to set specifications, criteria, call, accept, vary  
Delegation 3.2 – Contracts - Variations

Executive Instructions –

- 3.1 – Purchasing – Documentation
- 3.3 – Credit (Transaction) cards

**History**

Adopted	26 April 2017
Last reviewed	24 July 2019

### Policy Statement

1. The following Council Policy Schedules are adopted, and form part of this Statement –
  - Policy Schedule 3.2 – Regional Price Preference.
2. The Regional Price Preference applies to providers and suppliers –
  - a) established within the preference region,
  - b) based outside the preference region.
3. This Policy applies to all purchasing and procurement activity, and is not limited to tendering.

– End of Policy

### Notes

#### Statutory requirement –

#### The Functions & General Regulations require –

- **Statewide notice of proposed policy, amendment or revocation,**
- **public comment period of 4 weeks,**
- **submissions considered prior to adoption, and**
- **Statewide notice of adoption.**

Advertised on 22 August 2019 (West Australian & Narrogin Observer)

## Policy Schedule 3.2 – Regional Price Preference

### 1. Definitions

**price preference** is the application of a discount to the price when comparing submitted prices only, so as to give a marginal advantage to a regional offer, and does not refer to the price that is to be accepted.

**preference region** is specified as the geographical area which comprises the whole of the Shires of Narrogin, Cuballing, Wickepin, Williams, Wagin and West Arthur.

**regional tenderer** as defined under the *Local Government (Functions and General) Regulations 1996 s 24B(2)* as a supplier that has been operating a business continuously out of premises within the region for at least 6 months and submits a tender for the supply of goods and/or services.

**start up businesses** means a business of less than 10 employees, which has commenced within the preceding 6 months prior to closing date of tender, or would be established specifically for the purposes of the tender.

**regional content preference** is the incentive for businesses/contractors outside the region to purchase goods, services and construction from within the region, but excludes travel and accommodation costs.

**tenderer** includes a new or start up business where the owner or provider has been resident of the region for at least 6 months.

### 2. Preference principles

The Shire will encourage local industry to do business with the Shire by providing incentive through the adoption of a regional price preference advantage in conjunction with standard evaluation considerations, and as part of usual procurement consideration.

The price preference will apply to suppliers who are based in, and operate from the preference region in relation to all purchasing by the Shire for the supply of goods and services and construction (building) services, unless specifically stated otherwise, providing they are competitive in regard to specification, service, delivery and price.

### 3. Start-up Businesses

Where a new or start up business having less than 10 employees makes a submission, the anticipated longevity of the business, its relevance to the region and if goods or service previously not available in the region, are to constitute a component of “value for money” or “most advantageous” considerations as per Function and General Regulations r.24D(3). Reasons are to be itemised, and detailed as part of the “value for money” evaluation in accordance with Policy Sch.3.1(a) – Purchasing Principles.

### 4. Regional business preference

This preference enables businesses/contractors within the preference area to claim a price preference for their whole bid, regardless of the origin of the labour or materials, as all labour and materials are deemed to be regional content.

The following levels of preference are to be applied to whole of contract for all purchasing under this provision –

Reduction % to be applied to whole of purchase	Contract for	Maximum reduction value per purchase
10%	Goods or services	\$30,000
5%	Construction (incl. building and roadworks etc) services	\$50,000

To qualify as a local business/contractor, a supplier must meet the following conditions –

- A permanent business location in the preference region for at least six (6) months. *Local Government (Functions and General) Regulations 1996* states that the 6 month calculation is based on the period prior to when the tender closes.
- Have permanent staff based in the preference region
- Management and delivery of the majority of the quotation / contract will be carried out from their business location in the preference region.

The price of the bids from the local businesses/contractors will be reduced / discounted for evaluation purposes only, by the percentage to the maximum value set out in this clause.

5. Regional Content Preference

Some businesses / contractors may be based outside the preference region, but utilise significant resources based in the preference region. This preference provides an incentive for businesses / contractors outside the preference region to purchase goods, services and construction from within the preference region.

The preference applies to the value of the goods, materials or services that are purchased from within the preference region, and are referred to as *Regional Content*.

The following levels of preference are to be applied to the portion of the proposal claimed / identified as the Regional Content portion of the contract for all purchasing under this policy –

<b>Reduction % to be applied to Regional Content only of purchase</b>	<b>Contract for</b>	<b>Maximum reduction value per purchase</b>
10%	Goods or services	\$30,000
5%	Construction (incl. building and roadworks etc) services	\$50,000

Regional content limitations for suppliers based outside the preference region are –

- a) some or all of the goods, materials or services are to be supplied from regional sources. The preference only applies to that part of the tender or quote that has been supplied from regional sources, which needs to be specified in the submission.
- b) businesses outside of the preference region who claim that they will use regional business in the delivery of the contract outcomes
  - 
  - must stipulate who the regional provider will be and the value of the regional content, and
  - will be required as part of the contract conditions, to demonstrate that they have actually used the regional provider.

The price of the bids from the businesses/contractors using preference region content will be reduced for evaluation purposes and for that component of the bid only, by the amounts set out in above.

6. Scope

It should be noted that price is only one factor to be considered when the Shire assesses submissions. Accordingly, a regional submission where price is within the preference is not guaranteed of procurement, as the submission must also meet other relevant criteria, as per Policy 3.1 – Purchasing Framework.

– End of Schedule