

POLICY NO.	F.13
POLICY SUBJECT	Regional Price Preference
ADOPTION DATE	TBD
REVIEW DATE	July 2020

Preamble

The responsibility for good governance including proper control and operation of a local government's affairs, the allocation of resources and determination of policies rests with Council. Proper policies and procedures provide for the smooth running of the organisation, whilst providing for the stewardship function of the public moneys under the control of the local government (Western Australian Local Government Accounting Manual).

The *Local Government Act 1995* (the Act) identifies the role of Council to include:

2.7 Role of council

(2) Without limiting subsection (1), the council is to –

- (a) oversee the allocation of the local government's finances and resources; and
- (b) determine the local government's policies.

With Council's role focused on the broader governance and financial responsibilities, the Chief Executive Officer (CEO) has substantial operational responsibility to ensure that human resource and finance matters are handled effectively and efficiently.

Objective

To promote local business partnerships within the Shire of Boyup Brook by recognising that the overheads of regional (local) suppliers (i.e. those suppliers operating a business continuously for 6 months or more out of premises located in the district of Boyup Brook) might be higher than some non-regional suppliers.

Definitions

In this policy the following words have the following meanings:

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.

Goods: includes tangible and quantifiable material requirements, usually prefabricated and capable of being moved or transported.

Local Supplier: is a business within the City which conforms to the definition of a 'regional tenderer/respondent' under this policy.

Premises: means a physical location within the Shire's boundaries, which includes residential property that is registered with the Shire as a 'home occupation' or 'home business'.

Price Preference: is defined as the willingness to pay a higher price for the procurement of goods or services that are supplied by a 'regional tenderer/respondent' by assessing their tender/ quotation as if the price bid was reduced in accordance with this policy.

Regional Tenderer/Respondent: is a supplier that has been operating a business continuously out of premises within the City for a period of no less than six (6) months prior to the tender/quotation deadline and submits a tender/quotation for the supply of goods or services.

Services: means any task, consultancy, work or advice to be performed or provided to the City. This includes but is not limited to services such as consultancies, installations, maintenance works, repairs, cleaning, waste removal, external auditors etc.

Statement

The Shire of Boyup Brook will encourage local suppliers to do business with Council through the provision of a regional price preference advantage in conjunction with standard tender/quotation considerations. This policy applies to all Shire tenders and quotations above \$5,000 (excluding GST).

A preference will be given to a regional tenderer/respondent by assessing their tender/ quotation as if the price bids were reduced by:

- a) 10% (up to a maximum price reduction of \$50,000 (excluding GST)) for goods or services; or
- b) 5% (up to a maximum price reduction of \$50,000 (excluding GST)) for construction (building) services; or
- c) 10% (up to a maximum price reduction of \$500,000 (excluding GST)) for goods or services (including construction (building) services) if tenders/quotations are being sought for the first time for goods or services currently undertaken by Council.

Proof of Eligibility

Regional tenderers/respondents that intend to claim a regional price preference under this policy will be required to submit suitable proof of eligibility with their tender/quotation. To be eligible to claim a price preference regional tenderers/respondents must intend to manage/deliver the majority of the contract outcomes from premises within the Shire.

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

Competitive Purchasing

Whilst price is a competitive consideration in the provision of goods or services via tender/ quotation, it is only one aspect of the evaluation process. Value for money principles, as described within Council's F.03 Purchasing Policy, will be employed by assessing the price component in conjunction with the selection criteria and requirements.

The tender/quotation that is determined to be both cost effective and advantageous to the Shire will be the most likely to be accepted.

Roles and Responsibilities

The CEO will implement procedures to ensure that employees with purchasing authority use a competitive market for their local tender/quotation requirements so as to encourage economic growth and local business partnerships where it is practical and reasonable to do so.

The CEO will ensure that the application of a regional price preference is clearly identified within tender/quotation documents to which the preference is to be applied and that this policy is made available to local suppliers.

References and Related Documents

- F.03 Purchasing Policy
- Shire of Boyup Brook Code of Conduct
- *Local Government (Functions and General) Regulations 1996*