

REGIONAL PRICE PREFERENCE POLICY

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1. OBJECTIVE

To promote local business partnerships within the City of Karratha (City) by giving preferential consideration to regional suppliers in the procurement of goods or services via tender or quotation.

1.1 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 City. 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 City's boundaries.

Regional 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 section 2.1 of 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.

2. PRINCIPLES

The City 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 City tenders and quotations above \$5,000 (excluding GST), with the exception of quotations obtained from a supplier under an existing Internal Preferred Supplier Contract or a Pre-Qualified Supplier appointed by the City to a Panel.

2.1. Price Preference

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.

2.2. 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 Regional Price Preference Regional Tenderers/Respondents must intend to manage/deliver the majority of the contract outcomes from Premises within the City.

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.

2.3. 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 *CG-12 Purchasing Policy* and the Purchasing Guidelines, 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 City will be the most likely to be accepted.

3. CONSEQUENCES

This policy represents the formal policy and expected standards of the City of Karratha. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the City.

4. ROLES AND RESPONSIBILITIES

Employees will use a competitive market for their local tender/quotation requirements to encourage economic growth and local business partnerships where it is practical and reasonable to do so.

Employees will ensure that the application of a Regional Price Preference is clearly identified within the tender/quotation documents to which the preference is to be applied and that this policy is made available to local suppliers.

5. REFERENCES TO RELATED DOCUMENTS

- CG-12 Purchasing Policy
- City of Karratha Purchasing Guidelines
- City of Karratha Code of Conduct
- *Local Government (Functions and General) Regulations 1996*

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| Responsible Officer: | Manager Governance and Organisational Strategy |

This policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.