

2.7 Buy Locally – Regional Price Preference

Policy Owner: Finance
Person Responsible: Procurement and Executive Support Officer
Date of Approval:
Amended:

Objectives: To support local business within the Defined Area by giving preferential consideration to regional suppliers in the procurement of goods and services.

Policy Statement: The Shire of Katanning will encourage local industry to do business with Council through the adoption of a Buy Locally – Regional Price Preference Policy to be used in conjunction with standard quotation or tender considerations.

The region (Defined Areas) for the purpose of the Buy Locally-Regional Price Preference Policy are:

Area 1: The area falling within the boundaries of the Local Government Authority of Katanning – up to 10% where the contract is for goods and services up to a maximum price reduction of \$50,000; or up to 5% where the contract is for construction (building) services, up to a maximum price reduction of \$50,000;

Area 2: The areas falling within the boundaries of the Local Government Authorities of Kent, Gnowangerup, Broomehill Tambellup, Kojonup, Woodanilling, Wagin and Dumbleyung – up to 2.5% where the contract is for goods and services up to a maximum price reduction of \$50,000; or up to 2.5% where the contract is for construction (building) services, up to a maximum price reduction of \$50,000;

Guidelines:

Regional Price Preference

- A price preference will apply to eligible suppliers who are defined as based in, operate from or source goods or services from within the Defined Area in relation to all tenders and quotations invited by the Shire for the supply of goods, services and construction (building) services, unless the tender/quotation document specifically states prior to advertising of the tender/quotation that this policy does not apply.
- The regional price preference enables tenders and quotations to be evaluated as if the proposed price were reduced in accordance with permitted price preference as specified below in this policy.
- This policy will operate in conjunction with the purchasing considerations and procedures for tenders and quotations as outlined in the Shire's 'Purchasing Policy' when evaluating and awarding contracts.

Qualifying Criteria

A supplier of goods or services who submits a tender/quotation is regarded as being an eligible supplier if:

- (a) that supplier has been operating a business continuously out of premises in the Defined Area for at least six months before the time after which further tenders/quotations cannot be submitted. This is further defined as follows and the supplier will be required to meet all of these criteria:
- i. the supplier to have a physical business premises (in the form of an office, depot, shop, outlet, headquarters or other premises where goods or services are being supplied from), located in the Defined Area. This does not exclude suppliers whose registered business is located outside the Defined Area but undertake the business from premises located in the Defined Area;
 - ii. the physical location of the business premises in the Defined Area has been operating on an ongoing basis for more than six months prior to the closing date for the tender;
 - iii. a business having permanent staff that are based at the business premises located in the Defined Area;
 - iv. management or delivery of the majority of the tendered outcomes will be carried out from the business premises located in the Defined Area; and
 - v. the business being registered or licensed in Western Australia; or
- (b) some or all of the goods or services are to be supplied from Defined Area sources. Goods and/or services that form a part of a tender/quotation submitted may be wholly supplied from Defined Area sources; or partly supplied, and partly supplied from outside the Defined Area. Only those goods or services identified in the tender/quotation as being from Defined Area sources may be included in the discounted calculations that form a part of the assessments of a tender/quotation when the regional price preference policy is in operation.

In order for the policy to apply, the supplier is required to provide to the Shire written evidence within the tender/quotation submission which demonstrates compliance with the above criteria.

Suppliers who claim that they will use goods, materials or services supplied from regional sources in the delivery of the contract outcomes will be required, as part of the contract conditions, to demonstrate that they have used them.

Roles and Responsibilities

As much as practicable, the Shire of Katanning will:

- where appropriate, consider buying practices, procedures and

- specifications that do not unfairly disadvantage local businesses;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
 - explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
 - avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;
 - use a competitive market for their local purchasing requirements to encourage economic growth and local business partnerships where it is practical and reasonable to do so;
 - ensure that the application of a local price preference is clearly identified within the quotation or tender documents to which the preference is to be applied; and
 - provide adequate and consistent information to potential suppliers.