

Notice of Intention to Adopt Regional Price Preference Policy



Posted on: Saturday 27 May 2017

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(Reg. 24E, Local Government) (Functions & General) Regulations 1996)

The Council of the Shire of Coolgardie intends to adopt a Regional Price Preference Policy.

A draft Policy has been prepared and can be inspected at the Kambalda and Coolgardie Recreation Facilities; or an electronic copy of the draft policy can be obtained by emailing execsec@coolgardie.wa.gov.au or by phoning 9080 2111, or by downloading from the "Community Publications" section of the Shire's website.

Submissions on the draft policy are hereby invited and will be received at the email address above or by post to the Shire at P.O. Box 138 Kambalda, 6442, W.A.

Submissions will close at 4pm on Wednesday 28 June 2017.

Title of Policy: Regional Price Preference Policy

Policy Number: AD-18

Policy Objective:

The purpose of this policy is to maximise the use of competitive locally based businesses in the provision of goods or services purchased or contracted by the Shire of Coolgardie.

Policy Scope:

The scope of this policy is to obtain value in the purchase of goods and services whilst providing an opportunity for locally based businesses to be competitive in the process.

Policy Statement:

Introduction / background

For the purposes of this policy, a regionally based business is to have an office and/or workshop premises (LIA or Shop Front) and/or staff housed (Residentially not in a Camp) located within the district of the Shire of Coolgardie

.A regional price preference will apply to all Request for Tenders (RFT) and formal Request for Quotations (RFQ) invited by the Shire of Coolgardie for the supply of goods and services and construction (building) services, unless Council resolves that this policy will not apply to a particular RFT or RFQ.

Where no submission is received from a Shire of Coolgardie based business for a RFT or formal RFQ, submissions from businesses based within the City of Kalgoorlie – Boulder will be deemed to be regionally based for the purposes of this policy.

The following levels of preference will be applied under this policy:

1. Goods and Services – 10%, or to a maximum price reduction of \$20,000
2. Construction (building) Services – 5%, or to a maximum price reduction of \$50,000
3. Goods and Services, including Construction (building) Services – 10%, or to a maximum price reduction of \$100,000, if the Council 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 Council.

The application of the preference levels listed in 1.2 above will only be in consideration of the value of those goods and services identified by the supplier as being from regional sources.

Principles

In considering any RFT or formal RFQ or submission, price is only one of the factors to be assessed when Council is to decide which of the suppliers it thinks would be the most advantageous to it

Example of the Application of the Regional Price Preference Policy

Example 1

Consider a scenario when the following 2 submissions for a RFT or Formal RFQ to supply goods and services are received by a local government that has chosen a 10% rate of preference.

1. Submission 1 is from a regional supplier (as defined by Council in this policy).
2. Submission 2 is from a metropolitan based firm.

Submissions Received	Price of RFT or Formal RFQ	Price Reduction at 10% rate of preference	Adjusted Price used for evaluation purposes
Submission 1	\$100,000	\$10,000 (10% of \$100,000)	\$90,000 (\$100,000 less \$10,000)
Submission 2	\$95,000	(10% of \$100,000)	\$95,000

As can be seen from the table above, in terms of price, the submission from the regional Supplier (Submission 1) is the most advantageous once the preference has been applied. However, it is important to emphasise that price is only one of the criteria used to determine a successful submission. Nonetheless, when the submissions are assessed against all the RFT or RFQ criteria, the adjusted price is the one to be used. That is, the price following the application of any preference.

Example 2

This example highlights how the maximum price reduction affects the assessment of tenders. The following scenario where tenders are called to supply construction (building) services by a local government that has chosen a 5% rate of preference.

1. Tender 1 is from a regional tenderer
2. Tender 2 is from a metropolitan based firm

Tenders Received	Price of Tender	Price Reduction at 5% rate of preference	Reduced Price used for evaluation purposes
Submission 1	\$1,200,000	Less 5% of \$1,200,000 = \$60,000. However maximum price reduction is limited to \$50,000 (10% of \$100,000)	\$1,150,000 (\$1,200,000 less \$50,000)
Submission 2	\$1,145,000	No preference available	\$1,145,000

In this case, in terms of price alone, Tender 2 is the most advantageous.

Annual Review

This policy will be reviewed on an annual basis to assess the financial impact on Council resources and the level of local purchasing. The Council may revise the percentage preference rates as a result of each Review, in accordance with the *Local Government (Functions and General) Regulations 1996*.

Provisions / Clauses

Local Government (Functions and General) Regulations 1996

Key Terms / Definitions

Policy Administration

Responsible Department

Author / Contact Officer Position:

Relevant Delegation:

Date Adopted:

Reviews / Amendments: