
4.10 Regional Purchasing

Policy Owner	Finance, Audit and Review Committee
Person Responsible	Chief Executive Officer
Date of Adoption	19 February 2004 – Resolution 9.4.1
Date of Last Review	26 October 2022 – Resolution 061022 – No change
Date of Next Review	3 years or earlier if required

OBJECTIVE

The Shire is committed to maximising opportunities for the economic development of business and industry in the Shire.

The Shire has a responsibility to achieve value for money in its procurement of goods and services.

POLICY

Preamble

The Local Government (Functions and General) Regulations 1996 provide opportunity for local government to establish Regional Price Preference.

This policy should be considered and is related to the Purchasing & Procurement policy.

This preference provides the opportunity for local authorities to apply a percentage reduction to tenderers for goods and/or services as follows:

- Up to 10% - where the contract is for goods or services, up to a maximum price reduction of \$50,000;
- Up to 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$50,000; or
- Up to 10% - where the contact is for goods or services (including construction (building) services), up to a maximum price reduction of \$500,000, if the local government is seeking tenders for the provision of those goods and services for the first time, due to those goods or services having been, until then, undertaken by the local government.

Regional Preference can include any area but must include the entire district of the local government and cannot include a part of the Metropolitan Area.

Statement of Intent

The Shire of Wongan-Ballidu intends to utilise this policy to be known as the 'Shire of Wongan-Ballidu Regional Price Preference Policy' for the acquisition of goods and services where deemed possible.

The purpose of this policy is to maximise potential expenditure arising from the Shire of Wongan-Ballidu to the community and to businesses located in the Shire, and in other areas as defined as the region, for the purposes of this policy.

In undertaking the development of this policy, the Shire is attempting to maximize the commercial viability of businesses with its' community and to provide maximum opportunity for the creation of locally or regionally based employment.

The Shire is committed to increasing and promoting a sustainable community. To achieve this, where practical, the Shire will endeavour to support business and industry within the Shire.

Issues

Value for money is an important consideration in the determining of contracts and purchasing of goods and services. Purchasing decisions will be based on the total cost of the product over its serviced life, considering factors such as quality, service standards, timely delivery, local back up, benefits and risk.

Suppliers within the Shire can actively seek business with the Shire by:

- Actively promoting goods and services to the Shire of Wongan-Ballidu;
- Offering competitive prices, the first time;
- Supplying quality goods and services; and
- Seeking information about proposed purchases to be made by the Shire of Wongan Ballidu.

Where practical, the Shire shall seek to support business and industry within the Shire. The Shire will ensure that businesses and industry within the Shire have every opportunity to bid for and where competitive, supply the required needs. As part of considering value for money decisions, the benefits of purchasing goods and services from local suppliers shall be considered.

In considering a value for money decision, the following considerations will be included when analysing purchasing from local business and industry:

- *Local Government Act 1995* tender regulations;
- National Competition Policy principles;
- *Trade Practices Act*;
- The social and economic impact of major contract decisions on local businesses;
- Possible flow on effect to local businesses;
- The potential for local product demonstrations and references, with consequently reduced risk in the decision-making process;

- More convenient communications and liaison;
- Local backup, spare parts, warranty and quality of servicing;
- Ability of local businesses to meet specified time frame;
- Benefits in attracting more business to the Shire, thereby increasing economic activity;
- Assists in increasing employment in the region;
- Conformity with tender bid requirements; and
- Ability to meet the Shire needs.

The Shire will support and assist local business and industry by:

- Recognising the benefits of purchasing from local business and industry;
- Advertising all tenders and expressions of interest locally; and
- Where requested, provide feedback to unsuccessful tenderers highlighting how bids can be improved to be more competitive.

Definitions

Region A – is to be understood as that area defined as the Shire of Wongan-Ballidu.

Region B – is to be understood as that area as identified by the local authority boundaries of Goomalling, Koorda, Moora, Dalwallinu, Dowerin and Victoria Plains.

Application

Whilst the Local Government (Functions and General) Regulations 1996, provide specific powers for local government to create Regional Preference for tenderers, the Shire has chosen to expand this application to include the provision of as many services as possible, where such services are supplied by regional organisations or individuals. These additional services, supplied direct to the Shire, will be coordinated through the use of short-term contractual arrangements.

This policy will be referred to within the body of this contact and any advertising undertaken seeking expressions of interest for this supply of service, and all suppliers will be made aware of the existence of this policy and the manner in which it will applied.

This policy whilst being used to assess Regional Tendering or supply of goods or services, will not necessarily determine the outcome of any tender or expression of interest. The Shire of Wongan-Ballidu advises that price is to be only one of the factors by which the Shire will assess tenders and expressions of interest as received.

Statement of Policy

In accordance with the Local Government (Functions and General) Regulations 1996, the Shire of Wongan-Ballidu has created a policy to provide Regional Purchasing Preference to regional and local suppliers of goods and services.

This policy has been created to maximise the commercial viability of businesses within its' community and to provide maximum opportunity for the creation of locally or regionally based employment.

This policy will be applied as follows for the provision of all goods and services to the Shire (when so indicated in advertising or contract documentation):

Tenders Region A Only

Regional Preference will be provided to tenderers by assessing the tender from that regional tenderer as if the bids were reduced by: -

Part 1:

- 10% - where the contract is for goods or services, up to a maximum price reduction of \$10,000.
- 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$5,000.
- 10% - where the contract is for goods or services (including construction (building) services), up to a maximum price reduction of \$50,000, if the local government is seeking tenders for the provision of those goods and services for the first time, due to those goods or services having been, until then, undertaken by the local government.

Part 2:

Although goods or services that form a part of a tender submitted by a tenderer (as per definitions on page 2 of this policy) may be:

- Wholly supplied from regional source; or
- Partially supplied from regional sources, and partly supplied from non-regional sources.

Only those goods or services identified in the tender as being from regional sources may be included in the discounted calculations that form part of the assessments of a tender when a regional price preference policy is in operation.

Region B Only

Regional Preference will be provided to tenderers by assessing the tender from that regional tenderer as if the price bids were reduced by: -

Part 1:

- 5% - where the contract is for goods or services, up to a maximum price reduction of \$5,000.
- 2.5% - where the contract is for construction (building) services, up to a maximum price reduction of \$2,500.

Part 2:

Although goods or services that form a part of a tender submitted by a tenderer (as per definitions on page 2 of this policy) may be:

- Wholly supplied from regional sources; or
- Partly supplied from regional sources, and partly supplied from non-regional sources,

only those goods or services identified in the tender as being from regional sources may be included in the discounted calculations that form part of the assessments of a tender when a regional price preference policy is in operation.

Supply of Goods and Services (other than by tender)

Regional Preference will be provided to suppliers of goods and services by assessing the expressions of interest received on contracts to supply, from that regional price provider, as if the price bids were reduced by: -

Region A Only

- 10% - where the contract is for goods or services up to a maximum price reduction of \$1,000.
- 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$1,000.

Region B Only

- 5% - where the contract is for goods or services, up to a maximum price reduction of \$1,000.
- 2.5% - where the contract is for construction (building) services, up to a maximum price reduction of \$500.

In utilising this Regional Price Preference, the Shire will refer to the existence of this policy and its method of application within the body of any contract or expression of interest documentation and any advertising undertaken seeking expressions of interest.

REVIEW

Reviews of this policy are to be undertaken every 3 years or earlier if required.

RESPONSIBILITY FOR IMPLEMENTATION

The Chief Executive Officer and relevant Managers are responsible for ensuring that this policy is carried out.