

# REGIONAL PRICE PREFERENCE

## POLICY

POL-CPM 01

### Objective:

The purpose of the Regional Price Preference Policy (Policy) is to promote local economic development through the provision of a price preference to suppliers when evaluating and awarding contracts under a tender process.

This Policy is developed in accordance with Part 4A of the *Local Government (Functions and General) Regulations 1996* (Regulations).

### Statement:

#### 1. APPLICABILITY

This Policy is applicable where a tender has been conducted (according to the Regulations) by the City of Mandurah for the supply of Goods and Services and Construction Services.

#### 2. PRICE PREFERENCE

In accordance with regulation 24D of the Regulations, the following price preferences will be applied for each tender (where applicable):

- a. Goods and Services: 10 per cent discount up to a maximum price reduction of \$50,000;
- b. Construction Services: 5 per cent discount up to a maximum price reduction of \$50,000;
- c. Goods and Services and Construction Services, tendered for the first time where Council previously supplied the Goods or Services: 10 per cent discount up to a maximum price reduction of \$500,000.

#### 3. REGIONAL PRICE PREFERENCE

- a. The Regional Price Preference (RPP) enables local suppliers within the district of the City of Mandurah local government municipal area, to claim a price preference for their whole bid, regardless of the origin of the labour or materials, as all labour and materials are deemed to be regional content.
- b. To claim a RPP, suppliers are required to have a permanent office in Mandurah for at least six (6) months prior to the tender(s) being sought.
- c. The submitted price for the tender will be reduced (for evaluation purposes only), by the amounts set out in Section 2 of this Policy.

#### 4. LOCAL CONTENT PRICE PREFERENCE

- a. The Local Content Price Preference enables suppliers operating outside of Mandurah to claim a price preference where they can demonstrate a commitment that some or all of the goods or services are to be supplied from local suppliers within the district of the City of Mandurah local government municipal area. Where the local content is not 100 per cent, the discount will be proportioned based on the percentage of local content that is committed.
- b. Local content components of goods and services and construction can include goods, materials, labour, sub-contractors, professional services, and employment of a local workforce.
- c. Written evidence (proof) of the local content components, including how it relates to the price submitted, must be provided.
- d. The value of those goods and services claimed by the supplier may be adjusted during the tender assessment process if the value claimed is considered unreasonable or cannot be justified.

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- e. The submitted price for the tender will be reduced (for evaluation purposes only), by the amounts set out in Section 2 of this Policy.
- f. If successful, local content reporting will form part of the contractual obligations.

## 5. VALUE FOR MONEY PRINCIPLES

Value for money principles will be used to achieve the best possible overall outcome for the City. The City is not required to accept the lowest tender or any tender based on price offered.

## 6. TRANSPARENCY AND PROBITY

Where local preferences are to be applied during procurement processes, they must be notified within the relevant request for tender or request for quotation documents. All suppliers must be treated fairly and consistently when evaluating procurement outcomes.

## 7. DEFINITIONS

**Construction Services:** is the carrying out of any works that include construction of a structure or 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.

**Local Content Preference:** discount for suppliers outside of Mandurah to purchase goods and services from local suppliers that are located within the municipal area (district) of the City of Mandurah and engage a local workforce.

**Regional Price Preference:** discount for suppliers located within the municipal area (district) of the City of Mandurah.

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<b>Responsible Directorate:</b>	Corporate Services
<b>Reviewer:</b>	Manager Governance Services
<b>Creation date:</b>	Minute G.51/1/02, 22 January 2002
<b>Amendments:</b>	Minute G.13/08/05, 16 August 2005 Minute G.43/12/09, 15 December 2009 Minute G.57/2/12, 28 February 2012 Minute G.37/5/12, 22 May 2012 Minute G.35/2/15, 24 February 2015 Minute S. 4/8/18, 21 August 2018 Minute G.19/10/18, 23 October 2018 Minute G.18/5/20, 26 May 2020
<b>Related Documentation and/or Legislation:</b>	<i>Local Government (Functions &amp; General) Regulations 1996 - Regulation 24E</i>