

GOVERNMENT OF WESTERN AUSTRALIA

Procurement Act 2020

‘Procurement Measures to Support the Economic Recovery of the Western Australian Building and Construction Industry’

Purpose¹:

On 27 May 2020, the McGowan Government announced measures to support the Western Australian economy and local businesses recover from the economic impacts of the COVID-19 global pandemic. Those measures - in effect from 2 June 2020 – recognise the exceptional circumstances faced by Government, the community and industry, and serve to expedite government procuring activities and reduce barriers for local business participation in supplying goods and services to government.

This procurement direction extends these measures to works procurement and introduces additional measures to benefit businesses operating in and supporting the Western Australian Building and Construction Industry.

General Procurement Direction: 2020 / 1

Scope of Operation and Timing:

This procurement direction is issued by the Minister for Finance under section 21 of the *Procurement Act 2020* (WA) to all State agencies (as defined in the Act).

This procurement direction applies on and from the date of publication.

¹ Purpose: the contextual information under this heading does not form part of the direction.

Temporary Measures to Assist Economic Recovery

State agencies **must** adopt the economic recovery measures set out below when procuring works.

1.0 Minimum Competitive Procurement Requirements for Works

The following table sets out the minimum competitive requirements that a State agency must use to procure works, unless using a common use arrangement, or an approved **co-operative procurement arrangement**².

Table 1.0

Temporary Monetary Thresholds*	Minimum requirements
Up to \$250,000	<ul style="list-style-type: none"> State agencies may determine the most appropriate procurement method including direct sourcing, verbal quotations (up to \$50,000) or written quotations based on assessment of the nature of the market, complexity and risk, and process efficiency. Put simply, State agencies may direct source up to \$250,000. Where the total estimated value is \$50,000 up to \$250,000 quotations must be requested in writing and any offer must be received in writing. Appropriate documentation of decisions must be retained.
\$250,000 up to \$500,000	<ul style="list-style-type: none"> Request sufficient number of written quotations.
\$500,000 and above	<ul style="list-style-type: none"> Open tender through a public advertisement.

*The temporary thresholds apply when there is an opportunity to purchase from a local business and one or more local businesses will be invited to submit an offer. Monetary thresholds are based on the total estimated value, including any extension options, and are inclusive of GST.

The table above sets out the minimum requirements for the applicable monetary thresholds. A State agency should also consider the nature of the market, complexity and risk, process efficiency or any other relevant factors when selecting the procurement method.

² See the 'Guidance Notes for State agencies' accompanying this procurement direction for information on co-operative procurement arrangements.

2.0 Procurement Practice Measures to Benefit Local Small and Medium Enterprises

State agencies undertaking works procurement are required to consider further measures to maximise the participation of the local building and construction industry in projects, including by:

- informing the local building and construction industry stakeholders including small and medium enterprises about upcoming projects and procedural requirements;
- emphasising local and regional benefits in the selection of procurement methods, design of tender evaluation criteria and value-for-money assessments;
- arranging programs of work so they are accessible to small and medium enterprises;
- refreshing existing panels periodically to provide opportunities for further small and medium enterprise participation;
- where it is necessary to specify proprietary products to describe a requirement of the procurement, consider specifying (by example) locally available building materials, while allowing for the consideration of equivalent alternatives;
- exercising existing contractual extension options, or approving short beyond term extensions (of no more than two years) for existing arrangements expiring before 30 June 2021, where the current arrangement is delivering value for money and extending would give an incumbent local business economic security and facilitate the retention of jobs; and
- providing timely and meaningful feedback in relation to unsuccessful tenders and performance of contracts.

State agencies will be asked to inform the Department of Finance by 30 September 2020 the measures they have adopted within their agency.

3.0 Other Works Procurement Policy Requirements

State agencies that undertake works procurement pursuant to statutory powers in their own enabling legislation are not required to involve the Department of Finance in their works procurement processes. It is intended that those State agencies continue to maintain and operate their existing works procurement policies and procedures, until further sector-wide procurement requirements are issued pursuant to the Act.

All other State agencies **must** continue to engage the Department of Finance to undertake works, unless an agency specific procurement direction issued under the Act states otherwise.

END OF DIRECTION

GUIDANCE NOTES FOR STATE AGENCIES

Co-operative Procurement Arrangements

All State agencies are advised Part 5 of the *Procurement Act 2020* provides for the establishment of co-operative procurement arrangements.

These arrangements, if approved, allow State agencies to:

1. purchase cooperatively under a single arrangement with other State agencies, or authorised bodies; and
2. purchase on behalf of other State agencies, or authorised bodies.

State agencies interested in these concepts should seek further guidance on the required approvals from the Department of Finance (details below). During the operation of this procurement direction 2020 / 1, the Department of Finance advises that State agencies seeking approval to enter into a cooperative arrangement should be able to demonstrate how the arrangement would benefit:

- Aboriginal businesses
- Australian Disability Enterprises;
- regional communities;
- small and medium business participation; or
- more efficiently implement priority government commitments.

Further information and support from the Department of Finance can be obtained from:

Email:

procurementadvice@finance.wa.gov.au

Promotion within State agencies

This procurement direction will be published on the wa.gov.au website. State agencies are required to bring the matters contained therein to the attention of the relevant staff within their agency.