



Government of **Western Australia**
Department of **Jobs, Tourism, Science and Innovation**

Western Australian Buy Local Policy 2020

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FOREWORD

Western Australia's existing Buy Local Policy dates back to 2002.

It was designed to ensure that businesses and workers in regional WA benefit from the State Government's significant annual spend on goods, services and works.

Many things have changed since the policy was first introduced, and it's now clear that it is no longer achieving the required employment and economic benefits.

Since coming to office in March 2017, my government has worked hard to create more opportunities for local business to compete for State Government contracts.

We moved quickly to implement the WA Jobs Act and the Western Australian Industry Participation Strategy (WAIPS) are being implemented by all State agencies, and we are already seeing extremely positive results.

To build on this success, the time has come to streamline and update the Buy Local Policy to continue to increase the number of WA jobs created from State Government contracts.

The policy has been overhauled to create more opportunities for regional businesses and thousands of jobs in regional Western Australia. If we significantly increase the amount of government contracts in our regions, then this will have a significant impact in driving jobs and growth.

The new and improved WA Buy Local Policy 2020 focuses on giving regional businesses every opportunity to participate in government procurement. It ensures State Government agencies prioritise businesses and workers that are based in the regional location in which the work or service is being delivered.

The policy will play an important role in maximising opportunities for local businesses and creating more work for people in regional WA from the \$27 billion spent annually on State Government goods, services and works.

This is all about ensuring that local businesses are given every opportunity to carry out work for the State Government in their local area.

As with WAIPS, a period of transition of approximately six months will occur.

The government will undertake regular reviews of this policy to ensure it continues to achieve its purposes. As part of these ongoing reviews, there will be consultation with public and private sector stakeholders and reporting and analysis of outcomes.

Our number one focus is to ensure Western Australia recovers strongly from the COVID-19 pandemic, and the updated Buy Local Policy will support local economies in regional WA and create jobs for local workers.

MARK MCGOWAN
PREMIER OF WESTERN AUSTRALIA

OVERVIEW

This policy is an updated version of the Buy Local Policy 2002. The policy has been modified to clearly reflect the Western Australian (WA) Government's intention of maximising the participation of WA based businesses in supplying to agencies. Application of the various elements of the policy, reflecting agencies' responsibilities and purchasing patterns, will be embedded through the use of Implementation Agreements.

The primary focus of the policy is on small and medium sized enterprises (SMEs), which make up at least 97% of WA businesses. The policy is a combination of general principles and a specific focus on regional procurement.

Government agency purchasing has the capacity to substantially impact on the commercial viability of WA based businesses and to support employment and training for Western Australians. In particular, government procurement plays an important role in the continued prosperity of regional WA.

The State Government's aim is to provide WA based businesses with full, fair and reasonable opportunity, and with transparency and accountability in the tendering and contract award process. A further and significant dimension is ensuring that outcomes are captured and assessed to support ongoing procurement improvements.

The timing of the release of the 2020 policy is considered appropriate in terms of correlation with the *Western Australian Jobs Act 2017* (WA Jobs Act) and the Western Australian Industry Participation Strategy (WAIPS). These initiatives have common objectives of ensuring access to the State Government market for WA based businesses and creating jobs.

This policy covers both non-WAIPS and WAIPS supply.

COVERAGE

The policy applies to all State Government public authorities within the meaning of the State Supply Commission Act 1991, all State Government Trading Entities and any other State Government authority or entity, unless specifically exempted by the Minister for State Development, Jobs and Trade (Minister for Jobs). Government Trading Entities must work to achieve the intended outcomes of this policy, within their legal circumstances. For the purposes of this document, the term "agency" is used to encompass all these entities.

The policy is not mandatory for universities or local government authorities. However, local government authorities, in particular, are encouraged to adopt and apply the policy.

The policy does not apply to the application process and spend on grants, sponsorship, community services or the disposal of goods.

GENERAL COMPONENTS/PRINCIPLES OF THE BUY LOCAL POLICY 2020

1.0 Policy Intent

The policy is a commitment to:

- Supporting SMEs in WA by ensuring opportunity to supply to agencies;
- Requiring procurement decisions to be based on the value for money principle;
- Linking agency procurement to relevant government economic and social policies;

- Buying close to home to support improved government services and enhanced service access particularly in regional WA;
- Providing increased opportunities for regional businesses to bid competitively for agency contracts;
- Fostering competition by giving full, fair and reasonable opportunity to WA based businesses; and
- Maintaining and increasing employment and workforce skills in WA.

2.0 Overall Procurement Related Policies

The State Supply Commission (SSC) policies provide the framework for goods and services procurement and also reflect best practice principles and arrangements for works. Agencies outside the coverage of the *State Supply Commission Act 1991* are encouraged to incorporate these principles into their policies and practices.

In particular, these are:

- Value for money;
- Probity and accountability;
- Open and effective competition; and
- Procurement planning, evaluation reports and contract management.

These, and additional SSC policies can be downloaded from the Department of Finance's [website](#).

2.1 Value for money and the Broader Benefits to Western Australia

Value for money allows agencies to include in tendering and contracting a range of procurement considerations linked to proximity of supply and risk.

Further, value for money also allows the WA Government and State agencies to focus on the advantages of sourcing from businesses that demonstrate they contribute to social and economic development in WA, and more specifically, in regional WA.

Therefore, when making procurement decisions, agencies should consider the broader benefits to WA and the fulfilment of the government's social and economic objectives (such as delivering stronger regional economies and WA job creation) that are associated with contract award. As with WAIPS, the primary emphasis is employment, apprenticeships and traineeships and sourcing from Western Australia. For additional information on assessing value for money, where the point of delivery is regional WA, see Appendix F – Regional Value for Money Checklist.

The Department of Jobs, Tourism, Science and Innovation (JTSI), in consultation with the Department of Finance, the Department of Primary Industries and Regional Development (DPIRD) and the Regional Development Commissions (RDCs), can assist agencies in applying the value for money approach.

3.0 Regional Quotations, Tenders and Contract Management

A key goal of this policy is to realise as much State Government agency procurement in regional WA as possible. The State Government expects that all agencies that deliver services and activities in regional WA will support this objective.

Agencies must implement purchasing procedures that demonstrate that regional SMEs are given the opportunity to meet their supply requirements. They will be required to participate in coordinated government pre-procurement briefings at regional centres to provide details to regional businesses on upcoming contracts. Other forms of early tender advice should be explored.

The annual regional communications forums, introduced as part of the Regional Sourcing Strategy, could be the means of providing such briefings. These are being conducted by JTSI, DPIRD, and the RDCs.

In particular for tenders in regional WA, buying practices, procedures and specifications should not disadvantage regional businesses. Agencies should undertake sufficient research to ensure that regional businesses are given full, fair and reasonable opportunity to participate in contracting and supply opportunities. This could include liaison with regionally based Chambers of Commerce and Industry (or their equivalents), Local Content Advisers (LCA) (positioned within the Regional Development Commissions) and other industry associations representing regional members.

The weighting of evaluation criteria in regional tenders should ensure that regional considerations are given a high priority. Evaluation criteria for regional tenders should be structured to recognise “demonstrated regional capacity” and “demonstrated regional experience”. Weighting these criterion is intended to provide a level playing field for capable regional businesses.

Regional suppliers must also have the same access to tendering information as their metropolitan counterparts. Ideally, pre-tender briefings for regional contracts should occur in major regional centres. Where it is not possible to conduct pre-tender briefings in regional areas, tenders that include briefings held in the metropolitan area should use technology to enable the interactive participation of prospective regionally based suppliers.

When requested, agencies should provide debriefings to unsuccessful bidders and ensure that contract award details are published on Tenders WA or an alternative publicly accessible tender platform.

3.1 Regional Training and Development Opportunities

In order for the regional businesses and regional based procurement officers to be conversant with policies and processes, training for agencies and regional suppliers should be made available in major regional centres. The use of interactive methods for regional supplier training should be encouraged where face-to-face training is not feasible. The use of the procurement officer networks should be encouraged to ensure that a relevant skills base exists in the major regional centres.

3.2 Aboriginal Businesses

The Aboriginal Procurement Policy outlines the State Government’s approach to increasing contracting opportunities for Aboriginal businesses. The Aboriginal Procurement Policy can be found on the WA Government [website](#). The Aboriginal Procurement Policy should be read in conjunction with the WA Buy Local Policy.

The majority of Aboriginal businesses are based in regional areas and there is a clear link between the success of regional businesses and the success of Aboriginal business. The effect of large tenders, aggregated panel arrangements, centralisation of procurement functions and the use of qualitative criteria that favours larger businesses also adversely affects Aboriginal businesses. There are a number of agency based initiatives that preference Aboriginal businesses including direct purchasing, agency specific aboriginal tendering preferences, and employment targets. These initiatives together with the WA Buy Local Policy can greatly improve the economic outcomes for all of regional WA.

3.3 Regional Sourcing

The decentralisation of the procurement function should lead to better procurement outcomes for regional WA and therefore the level of purchasing autonomy within regional areas is important. Accordingly, where practicable all procurement activities for purchases within the regions should be undertaken as near as possible to the point of contract delivery.

Agencies must also ensure that where quotations are being sought for delivery or use in a specific regional town or in a region other than the Perth region, businesses within that region or specific town are invited to bid.

Agencies should be guided by a *Buy Close to Home* principle that prioritises the regional location where the contract is to be delivered and gives due weighting to businesses or industries located in those regional locations. Consequently, coordination of requirements for smaller communities can be pursued at agency branch level and liaison with relevant local government authorities should also be considered.

In particular, the State Government acknowledges that smaller regional towns (population under 4,000 people) can struggle to secure particular skilled services (i.e. trades) to undertake specific job tasks. State Government agencies that service small towns are encouraged to aggregate their job task activities, where possible, to ensure the overall procurement size is of scale to attract and retain skilled businesses and individuals within their community. This may mean liaising with the relevant local government authority to coordinate requirements.

Purchasing directly from local regional businesses that reside in smaller regional towns should be encouraged for items less than \$50,000. Agencies must ensure that value for money is obtained from these suppliers.

When calling for quotes, agencies should consider restricting quotations to regional businesses within the prescribed distance, where there is adequate competition i.e. two or more regional businesses. This will ensure that full, fair and reasonable opportunity is given to regional businesses.

4.0 Regional Procurement - Regional Price Preferences

A Regional Price Preference is a reduction that is applied to a prospective supplier's tender price, for evaluation purposes only.

There are two types of regional price preferences:

- Regional business preference – eligible regional businesses that are tendering or quoting for contracts within a prescribed distance can receive a regional price preference. The maximum reduction that can be applied is \$250,000.
- Regional content preference – regional content is defined as the cost of services or supplies that are provided by regional businesses located within a prescribed distance. These costs can be internal business costs (for businesses located within the prescribed distance) or related to outside provision by suppliers or subcontractors within the prescribed distance. The regional content preference will only be applied to the value of the portion of regional content claimed in their tender submission. The maximum reduction that can be applied is \$250,000.

Regional price preferences do not apply to land or property rental or leasing, however, they apply to other forms of leasing, renting and hiring of services.

The criterion for prospective suppliers claiming regional price preferences is that the contract point of delivery is in regional WA (see "TERMS USED") AND a prospective supplier declares that it is an eligible regional business (see 4.3) OR that it uses suppliers or sub-contractors that are located from within the prescribed distance (see 4.2).

When a business makes a claim, an agency, after verifying the claim, is required to apply the reduction to the offered price. This reduction to the offered price is for evaluation purposes only. If the prospective supplier is successful, the price paid by the agency is the original offer price, not the discounted price.

4.1 Application of Regional Price Preferences

The regional business preference and the regional content preference are applied differently dependent on the type of contract:

- Goods and Services Contracts:
 - The maximum reduction that can be applied is \$250,000 incl. GST.
 - Businesses can claim a regional business preference OR a regional content preference (but not both).
 - The price preference is calculated at 10% of the value of the quoted price for a regional business preference OR 10% of the value of the portion of the regional content claim for a regional content preference.
 - When applied, this reduces the evaluation price by up to a maximum of \$250,000.

- Housing and Works Contracts:
 - The maximum reduction that can be applied is \$500,000 incl. GST.
 - Eligible regional businesses (refer to section 4.3) can claim a regional business preference AND a regional content preference
 - The price preference is calculated at 5% of the value of the quoted price for a regional business preference AND/OR 5% of the value of the portion of the regional content claim for a regional content preference.
 - When applied, this reduces the evaluation price by up to a maximum of \$500,000.

In specific circumstances, an Accountable Authority can increase the maximum reduction that can be applied to both Goods and Services Contracts and Housing and Works Contracts to \$1,000,000 for relevant tenders. For more information see section 4.7.

4.2 Prescribed Distance

The prescribed distance is the maximum allowable radius from the contract point of delivery that enables a prospective supplier to qualify as an eligible regional business and/or to claim the regional content preference.

The prescribed distance varies according to which regional zone the contract point of delivery is located.

The regional zones are as follows:

Zone 1 – Contract point of delivery is in the Perth Metropolitan Area

- There is no prescribed distance for Zone 1 as regional preferences do not apply in the Perth metropolitan area.

- Businesses located within Zone 1 can claim the regional content preference for regional procurement that occurs within zones 2 and 3 (within the respective distances).

Zone 2 – Contract point of delivery is in the Peel, Wheatbelt, South West and Great Southern Regions

- The prescribed distance is defined by a circle centred on the contract point of delivery with a radius of 200km, excluding any area falling within Zone 1.

Zone 3 – Contract point of delivery is in the Kimberley, Pilbara, Gascoyne, Mid West and Goldfields-Esperance Regions

- The prescribed distance is defined by a circle centred on the contract point of delivery with a radius of 400km, excluding any area falling within Zone 1.

The boundaries of the above regions are set out in the Regional Development Commissions Act 1993.

4.3 Eligible Regional Businesses

In terms of application of the regional business preference, an eligible regional business is one which:

- Maintains a permanent operational office within the prescribed distance that is resourced by at least one person who resides in the region and that the business address aligns with its marketing such as a telephone directory listing or the address listed on its website.
- Has had its office established and has conducted similar business and contracting from the office for at least six months prior to current tender release/request for quotation.
- Proposes to manage/deliver the majority of the contract outcomes from the office.

Where a business has claimed to be an eligible regional business, an agency must be satisfied that it qualifies for the regional business preference. An agency can verify a business's eligibility by requesting proof such as:

- Utility or electricity bills, telephone (landline) bills
- Lease agreements or local government rates notice
- Invoices issued to or from that address
- Documents that show work has been carried out or managed from that office
- A list of key staff that would be used on the contract that are based within the prescribed distance.

4.4 Eligible Regional Content

Where a business has claimed to use eligible regional content, the agency must be satisfied that the content qualifies. Eligible regional content is goods, materials or services purchased and used in the delivery of contract outcomes and internal business costs associated with contract delivery. Costs not eligible for the regional content preference include all travel, accommodation and meal costs associated with sending people from outside a prescribed distance to work on a regional contract and all ongoing travel, accommodation and meal costs associated with the delivery of the contract outcome.

In situations where the point of delivery is in remote WA, the eligible costs may be varied by the agency to account for the establishment of temporary accommodation facilities acquired from within the prescribed distance. To be eligible for the preference the temporary construction of these facilities must be established as part of the contract. JTSI can assist agencies in determining eligible regional content when required.

4.5 Multiple Points of Delivery and the Application of Regional Price Preferences

When a tender is being called for one or more suppliers to service multiple points of delivery, the agency should calculate the regional price preferences based on each nominated points of delivery.

Where an agency determines that this is impractical, the agency can elect to nominate a central point of delivery. This central point of delivery should be clearly indicated in the tender documents and the prescribed distance for eligible regional businesses will be calculated from the nominated central point of delivery. The nominated central point should not be in Zone 1.

4.6 Panels with Multiple Points of Delivery and the Application of Regional Price Preferences

An agency panel is a form of procurement where an agency establishes standing offers for the supply of goods, services, housing or works from one or more suppliers. Panels operate for a defined period with a set of pre-determined buying rules (see “TERMS USED”).

When agency panels are established to meet requirements across a number of points of delivery, the application of regional price preferences can occur at either, the point the panel is established or when quotes are called for from panel members.

It is at the agency’s discretion as to when regional price preferences are applied, however, JTSI can provide agencies with advice on the most suitable approach if required.

Agencies should encourage regional businesses to apply for membership on panels when there is a lack of panel membership in a regional location. If this is impracticable due to a lack of capability then agencies should put in place arrangements for regional businesses that wish to transition onto a panel arrangement. Alternative arrangements could include obtaining quotes from regional providers outside of the panel arrangement or joint ventures between regional businesses.

When calling for quotes in regional WA, appropriate panel members based within the prescribed distance of the contract’s point of delivery must be invited to quote. Full value for money considerations must be taken into account when selecting a contractor. Price preferences and the full cost of the service should be reflected in panel arrangements when it is decided to issue an order to a panellist. This must include all travel costs and other disbursements. Other value for money considerations such as the effect on the regional community should also be taken into consideration.

4.7 Accountable Authority Discretion

An Accountable Authority (as defined under Part 4 of the *Financial Management Act 2006*) can modify the application of regional price preferences. This modification must only be done when the Accountable Authority is satisfied that modification will not have a negative impact on regional businesses.

The Accountable Authority can:

- Authorise an increase to the maximum value claimable for the regional price preferences, *(for price adjustment during evaluation)* up to a total amount of \$1,000,000 (incl. GST) for goods and services or housing and works contracts as a means of addressing social and economic government priorities. This change must be clearly outlined in the tender documents.
- Nominate a central point of delivery in which the prescribed distance can be calculated from. This might occur when the application of regional price preferences are deemed to be impractical to apply as there are numerous points of delivery.
- Nominate more than one point of delivery in order to effectively apply regional price preferences.
- Extend Zone 3 to include the next nearest town, or towns where there is more than one town of similar distance from the point of delivery.
- Modify the prescribed distance within a zone to better address social and economic government priorities.

4.8 Application of Regional Price Preferences and the Australia and New Zealand Government Procurement Agreement (ANZGPA)

The WA Government, along with the Commonwealth, all State and Territory governments and the New Zealand Government, is currently a signatory to the ANZGPA. The ANZGPA’s aim is to maintain a single competitive market for government purchasing, in order to maximise opportunities for competitive suppliers from Australia and New Zealand and reduce costs of doing business for both governments and industry. The ANZGPA currently impacts when the policy can be applied.

At present, when a tender is received from a business in another Australian State, Territory or New Zealand (ANZ) AND the offer is being considered in **the final analysis**, (see “TERMS USED”) then regional price preferences are not to be applied.

However, if an ANZ offer is received but it is not being considered in the **final analysis** then the regional price preferences must be applied to eligible regional businesses.

For agencies to remove the application of regional price preferences they must be satisfied that the offer from an ANZ respondent is genuine. This can be established by:

- verifying a business’s out of state address by requesting proof, such as:
 - Utility or electricity bills, telephone (landline) bills
 - Lease agreements or local government rates notice
 - Invoices issued to or from that address
 - Documents that show work has been carried out or managed from that office for a project in WA
 - A list of key staff to be used on the contract that are based in the out of state office
- confirming the majority of the contract delivery (including project and contract management) will be undertaken from the ANZ site
- verifying that the ANZ prospective supplier has a history of conducting similar business from the bid location.

Additionally, agencies must be convinced that delivery/contract management from outside of WA is feasible and of acceptable risk.

4.9 Contractor Compliance when a Regional Content Preference has Influenced Award

An agency should monitor housing and works contracts over \$1.5 million and goods and services contracts over \$250,000 where a contract award decision has been impacted by a contractor’s claim for the regional content preference. The agency should be satisfied that the contractor is utilising or has used the regional businesses outlined in its tender.

If a contract is subject to progress payments, compliance with the regional content preference could be included as a milestone.

Agencies should ensure that the head contractor is aware that it must notify the agency if they are unable to use the suppliers or subcontractors as agreed in the tender submission.

Where head contractors are unable to contract with agreed suppliers or subcontractors they can contract with another supplier or subcontractor and still meet the requirements of their regional content claim so long as the substitute business uses eligible regional content.

Prospective suppliers should be made aware that JTSI may appoint an independent auditor to confirm whether the supplier met its regional content commitments.

Contact JTSI if model tender and contract clauses to incorporate the above reporting and approval condition, are required.

4.10 Consequences for Non-Compliance by Contractor

Where a head contractor fails to comply with its regional content commitments and the agency does not consider the failure to be justifiable, then this failure must be sufficiently documented and communicated with the head contractor and JTSI. This information could be made available to agencies.

Agencies could also opt to include failure to meet regional content commitments as a contract infraction, whereby costs are recovered from the head contractor and/or other remedial action is taken.

4.11 Regional Reporting

Understanding procurement outcomes and the relationship between agency spend and benefits to the broader economy and individual communities is essential in ensuring that policy objectives are being achieved.

Therefore, agencies must collect and maintain contract award data and cooperate with the Department of Finance and JTSI in reporting and analysis.

Agencies may also be required on an annual basis to produce a report. Copies of these reports will be provided to both JTSI and the LCAs.

Reports will include but not be limited to:

- an ongoing record of contract award or estimated contract award values within regional WA
- the number of tenders that are awarded as a consequence of the application of a regional price preference/s
- the fulfilment of regional content outcomes, as committed in the tender
- their overall Buy Local performance in terms of Western Australian sourcing of goods, services, housing and works (as captured on Tenders WA)
- the number and value of regionally based tenders or contracts that were not awarded to regional businesses
- failure of contractors to comply with claimed regional content preferences.

Agencies' responsibilities in this regard will be addressed through their Implementation Agreements (see POLICY COMPLIANCE / IMPLEMENTATION AGREEMENT).

Agencies must also maintain an accessible record of procurement delegations that cover the maximum authorisation monetary values by staff at head office and other sites across the State.

5.0 Common Use Arrangements

A Common Use Arrangement (CUA) is a whole-of-government standing offer, awarded to a single supplier or group of suppliers to provide goods or services commonly purchased by agencies.

The majority of CUAs are only mandatory when the point of delivery is in the Metropolitan area. There are some exceptions to this, such as software licences, fuel, and electricity retail which are mandatory state-wide. A list of all non-mandatory CUAs can be found in Appendix C

If in regional WA, agencies should:

- Maximise the use of a contractor's regional distributor or dealer network when buying from a CUA.
- Use a regional supplier if that supplier is on the CUA.
- Where appropriate, when obtaining quotations from suppliers on a CUA, apply the regional price preferences.
- Purchase outside of a CUA that is non-mandatory in the regions, when there are no regionally based suppliers on the CUA and there is capacity within the region.
- Avoid creating a mandatory panel from a non-mandatory CUA.

The full list of CUAs can be found at WA.gov.au.

6.0 Imported Content Impost

The Imported Content Impost is not mandatory. When procuring goods, services, housing and works, agencies can elect to apply an Imported Content Impost. This is a 20% price impost that applies to the portion of a bid that comprises goods, services or items that the prospective supplier is proposing to *directly* import into Australia from another country (excluding New Zealand) as part of the contract delivery. Imported Content does not include items that the prospective supplier will purchase from ANZ based suppliers that have or may have been imported.

If the agency chooses to apply the Imported Content Impost it must be clearly outlined in the tender request document.

7.0 Private Sector Providers

A private sector provider (provider) is an entity that is engaged by a government agency to undertake work on its behalf. Providers are required to participate with the government in maximising WA business and when appropriate regional business participation in goods, services, housing and works.

7.1 Contracts Provided on a Cost Reimbursable Basis

A provider may be engaged by an agency to contract on its behalf. This can include but is not limited to management advisory services, property management services, business administration services, building services, management contracts, construction and general maintenance services. Within the scope of these contracts the provider makes purchases on behalf of the agency and recoups the expenses from the agency. In such cases the provider is required to apply all appropriate requirements of the policy when seeking quotations or calling public tenders on behalf of the government agency. Policy requirements must be included into contractual agreements with private sector providers.

When a provider assumes the responsibility for expending public monies, the agency, on an ongoing basis, must ensure that the provider is continuing to achieve value for money.

Agencies, in selecting providers must align their selection to those prospective suppliers who demonstrate, in their bid, that they will maximise WA and regional business participation, as part of the value for money consideration, in the delivery of the contract. Agencies cannot use other providers to avoid policy obligations. Agencies should ensure that providers meet buy local obligations through a contract management process that includes monitoring, setting performance targets and spot checking of tender processes.

7.2 Appointing a Head Contractor to Undertake Contracts

As part of tender assessment, agencies appointing head contractors to undertake works projects such as construction of dwellings, construction of a police station, primary school additions, and road resealing etc. must assess the prospective supplier's approach to its subcontracting and supply arrangements in the delivery of the contract. This means giving subcontractors and suppliers full, fair and reasonable opportunity to participate. This can have both price and value for money implications in terms of sourcing approach.

Agencies must ensure that contract management includes both monitoring the process the head contractor is using in selecting subcontractors and suppliers, and the approval of the appointment of subcontractors and suppliers.

Agencies must require head contractors that wish to deviate from the arrangements named in their tender or change the process for selecting subcontractors and suppliers to seek approval before proceeding.

As part of performance monitoring, head contractors must confirm the use of the approved suppliers and subcontractors.

A regional value for money checklist is provided for guidance in tendering for regional procurements. This can be found in Appendix F.

POLICY COMPLIANCE / IMPLEMENTATION AGREEMENT

In recognising that agencies' procurement needs and methods can vary, this policy requires agencies to prepare an initial draft Implementation Agreement. The focus of the Agreement will be on how the agency will achieve the policy objectives. The Implementation Agreement will include coverage of both general and regional aspects of the policy and will serve as an important mechanism for individual agency application.

Agencies will respond to the following headings:

1. General Application
 - a. State Supply Commission Policies
 - b. Complaint handling
 - c. Post tender briefings
 - d. Early tender advice (Including possible use of agency website and/or Tenders WA)
 - e. Standards and specifications
 - f. Managing private sector providers (including relationship with suppliers and subcontractors)
 - g. Reporting
2. Regional Application
 - a. Accountability
 - b. Engagement and Participation
 - c. Process and Practice
 - d. Regional Reporting

Draft Implementation Agreements will be jointly reviewed for endorsement by JTSI and Local Content Advisers and will become a formalised Implementation Agreement between an agency's Accountable Authority and JTSI's Director General.

Implementation Agreements will be reviewed annually with a particular focus on outcomes and significant variations from the previous 12 months.

The regional portion of the Implementation Agreement will be developed and finalised using the documents in Appendix E and F. These documents should be regarded as the basis for considerations on the regional application of the policy.

Refer to Appendix D for the Implementation Agreement template.

AUDIT

Agencies will commit to their Implementation Agreements. For major agencies this adherence can be regularly discussed through the established JTSI Implementation Working Groups.

Audits of any agency may be carried out by an independent auditor to confirm that an agency adhered to its Implementation Agreement. Audits may also be undertaken to confirm that successful head contractors have met their regional price preference commitments.

Non-compliance by head contractors could invoke declaration to all agencies of its failure for future reference and appropriate risk management.

Consequences for non-compliance by agencies will be determined by the agency's Accountable Authority.

TRADE AGREEMENTS AND SECTION 92 OF THE AUSTRALIAN CONSTITUTION

The WA Government has obligations under the relevant government Procurement chapters within a number of bilateral Trade Agreements, the ANZGPA and the Australian Constitution. The policy meets these obligations in its implementation.

The policy approach to Trade Agreements broadly mirrors that of other States and Territories in exercising the exception based on support (both direct and indirect) for SMEs. SMEs represent at least 97% of businesses in Western Australia.

FUTURE INITIATIVES – REGIONAL SOURCING STRATEGY

The government is strengthening support for regional businesses through the Regional Sourcing Strategy (strategy). The strategy is a recognition that further delineation needs to be undertaken into issues considered to be impacting on regional businesses and where necessary new approaches developed to address these. Up-to-date information on the strategy's progress is available on the [WA Industry Link](#).

The strategy will include both immediate and long-term priorities. Some of these initiatives will be given consideration in the development of future versions of the policy. The initiatives include:

- I. Working with Government Trading Entities on their approaches to utilising regional capacity;
- II. Working with the Western Australian Local Government Association (WALGA) to support local government authorities on developing appropriate tendering and contract award processes;
- III. Examining the levels of regional delegation and the impact that agency panel contracts have on regional SMEs;
- IV. Focusing on site specific regional works projects for increasing local sourcing opportunities;
- V. Examining the potential for regional SMEs to become competitive lead bidders;
- VI. Identifying capability gaps affecting regional businesses and potential remedial actions;
- VII. Investigating options of support for unsuccessful regional bidders that may increase the effectiveness of future bids;
- VIII. Developing a process for regional procurement related complaints across all agencies;
- IX. Exploring avenues to improve the participation of regional businesses in government grants;
- X. Training for both agencies and suppliers in the application of the regional price preferences and other aspects of tendering and evaluation;
- XI. Considering further measures to ensure only valid interstate bids impact the assessment of regional price preferences;
- XII. Consulting with government with a view to amending the ANZGPA to allow the WA Government to use its spend to support economic and social objectives;
- XIII. Improving how agencies collect information on regional procurement outcomes; and

- XIV. Other initiatives raised by agencies or regional stakeholders that support regional business participation in government procurement.

FEEDBACK AND POLICY REVIEW

The WA Government is committed to ongoing consultation on the policy and welcomes feedback from both the private sector and agencies. Feedback can be provided using the contact information below.

The Accountable Authority of the agency is responsible for ensuring that the policy is followed. Complaints should be made to the agency in the first instance. If the supplier is unhappy with the response then they can formally lodge an objection to JTSI.

JTSI will work with individual agencies on the particulars of their application of the policy which will occur primarily through the Implementation Working Groups that were established for WAIPS.

JTSI plans to undertake a review of the operation and effectiveness of the policy on an annual basis.

ASSISTANCE

JTSI is the lead agency responsible for the administration of the policy. JTSI will regularly consult with the Department of Finance, the Department of Primary Industries and Regional Development and the Regional Development Commissions on policy issues and administration.

Agency Procurement Officers can contact JTSI for assistance in applying the policy.

Agencies undertaking procurement for regional locations can also contact LCAs for assistance. LCAs can assist Agency Procurement Officers with identifying local capability, promoting opportunities for regional businesses, presenting a whole of government perspective on procurement policy and practice, and organising and participating in supplier briefings.

LCAs also work with regional businesses to assist with and identifying government assistance programs to develop regional small businesses' capability and capacity to enhance a business's competitiveness.

Agency Procurement Officers should be contacted when businesses are seeking advice regarding individual tender requests, supplier rights and responsibilities, feedback on tender responses and enquires regarding conditions of contract and procurement policy that is specific to the agency.

CONTACT INFORMATION

Department of Jobs, Tourism, Science and Innovation

[Industry Link Advisory Service](#)

Email: industrylink@jtsi.wa.gov.au **Telephone:** (08) 6277 2999

Local Content Advisers (Regional)

- Gascoyne
Email: local.content@gdc.wa.gov.au
Telephone: (08) 9941 7000
<https://www.gdc.wa.gov.au/local-content-program/>
- Goldfields-Esperance
Email: localcontent@gedc.wa.gov.au
Telephone: (08) 9080 5008
<http://www.gedc.wa.gov.au/our-focus/local-content>
- Great Southern
Email: Charlotte.McIntyre@gsdc.wa.gov.au
Telephone: (08) 9842 4888
<http://www.gsdc.wa.gov.au/our-activities/local-content/>
- Kimberley
Email: localcontent@kdc.wa.gov.au
Telephone: (08) 9194 3000
<http://kdc.wa.gov.au/local-content-officer/>
- Mid West
Email: local.content@mwdc.wa.gov.au
Telephone: (08) 9956 8589
<http://www.mwdc.wa.gov.au/resources/news/better-opportunities-for-local-businesses.aspx>
- Peel
Email: local.content@peel.wa.gov.au
Telephone: (08) 9535 4140
<https://www.peel.wa.gov.au/im-looking-for/local-content-advisor/>
- Pilbara
Email: local.content@pdc.wa.gov.au
Telephone: 1800 843 745
<http://www.pdc.wa.gov.au/our-focus/pilbara-blueprint/localcontent>
- South West
Email: local.content@swdc.wa.gov.au
Telephone: (08) 9792 2023
<http://www.swdc.wa.gov.au/investment/local-content-program.aspx>
- Wheatbelt
Email: local.content@wheatbelt.wa.gov.au
Telephone: (08) 9622 7222
<https://www.wheatbelt.wa.gov.au/our-projects/local-content-officer/>

TERMS USED

Accountable Authority: the agency head or delegate (as defined under Part 4 of the *Financial Management Act 2006*) or the head of a Government Trading Entity or delegate.

Agency: the term agency is used to encompass government departments, agencies, Statutory Authorities and Government Trading Entities.

Agency Panel: a form of procurement where an agency establishes standing offers for the supply of goods, services or works from one of more suppliers. Panels operate for a defined period with a set of pre-determined buying rules. There is generally no set overall value (only an estimate) or guarantee of work for suppliers. Panels are established by agencies as an efficient and cost effective alternative to a series of smaller, single procurements. They enable agencies to focus procurement expertise rather than disperse responsibilities across various sites.

ANZGPA: the Australia and New Zealand Government Procurement Agreement is a commitment to a single competitive procurement market between Australia and New Zealand. The agreement allows for suppliers to tender for government contracts in either country, regardless of their physical location.

Content: the portion of the value of the contract attributed to a jurisdiction.

Contract: a legal agreement established through a procurement process for the provision of a good, service or work against designated specifications for an agreed upon sum.

Contractor: the bidder appointed to undertake the contract.

Eligible Regional Business: Refers to a business that is located within the specified prescribed distance.

Final Analysis: tenders that are being considered in the final analysis are those which are compliant and competitive and have passed any short listing or elimination process. The assessment as to whether a tender is competitive will be based on a qualitative assessment and/or price.

Full, Fair and Reasonable opportunity:

Full: Australian and New Zealand industry is afforded the same opportunity as other global supply chain partners to participate in all aspects of a project.
(e.g. design, engineering, project management, professional services, IT and architecture).

Fair: Australian and New Zealand industry is provided the same opportunity as global suppliers to compete on projects on an equal and transparent basis, including being given reasonable time to tender.

Reasonable: Tenders are free from non-market burdens that might rule out Australian and New Zealand industry and are structured in such a way as to provide Australian and New Zealand industries the opportunity to participate in projects.

Implementation Working Groups (IWGs): groups of agencies established to consult with JTSI on various procurement initiatives.

Industry Link Advisory Service (ILAS): a team within JTSI that has been established to provide a range of services to help WA businesses and State government agencies to understand the requirements of the Buy Local Policy and the WAIPS.

JTSI (Department of Jobs, Tourism, Science and Innovation): the lead agency for the administration of the WA Buy Local Policy and the WAIPS.

Local Content Advisers (LCAs): provide advisory services to businesses in regional Western Australia.

Local Sourcing: Proportion of contract value sourced from within Western Australia, or for regional contracts, within the prescribed distance specified.

Local Supplier: suppliers of goods produced, or services provided, in WA, another State or Territory or New Zealand.

Point of Delivery: Refers to the place where the majority of the purchase or contract outcomes will be delivered/managed and used, not where the contract was called or where the quotation or tender documents must be submitted. For example if a contract is called by an agency's Kalgoorlie regional office for goods, services, housing or work to be delivered or carried out in Kalgoorlie, then the point of delivery is Kalgoorlie. If the agency's head office in Perth calls a contract to be delivered or carried out in Kalgoorlie then the point of delivery is Kalgoorlie.

Prospective Supplier: means a person or body that makes an offer to supply in the course of the procurement process.

Regional: As prescribed in the Regional Development Commissions Act 1993, Schedule 1 – Regions defined by reference to districts.

Regional Development Commissions: The nine bodies established under the *Regional Development Commissions Act 1993*.

Regional Price Preference: A reduction that is applied to a prospective supplier's tender price, for evaluation purposes only.

Request: any form in which a supplier is requested to provide information on supply. This includes a Request for Tender, a Request for Quotation, a Request for Proposal or an Expression of Interest.

Small and Medium Sized Enterprises (SMEs): a business with less than 200 full time equivalent employees.

Standing Offer: agreement for future supply across unspecified occasion and quantity.

Tender: - refers to an offer to supply goods, services, housing or works. May also be referred to as a 'bid', request for quotation (RFQ) or request for proposal (RFP).

WA Based Business: a business which bids from a Western Australian location, where the majority of the contract value is to be performed within the state and if no such bid is received, then local transfer to a bid from the rest of Australia and New Zealand when such bids are in competition with overseas bids.

WA Industry Link: - a portal that provides information in relation to the implementation of WA Jobs Act, WAIPS and the Buy Local Policy www.industrylink.wa.gov.au .

WAIPS: The Western Australian Industry Participation Strategy which is developed under the WA Jobs Act 2017

WAIPS Supply/Supplies: - applicable to a range of procurements (goods, services, housing and works and community services) above designated values.

APPENDICIES

Appendix A

Example of applying Regional Price Preferences – Housing and Works

A tender for a works contract for the refurbishment of a primary school is called in Geraldton (Zone 3, prescribed distance 400 kms). Compliant tenders are received from a regional business located within the prescribed distance and a Western Australian business located outside the prescribed distance.

Tender A of \$5,000,000 is received from an eligible regional business (section 4.3). The 5% regional business preference applies to the total tender as the business is located within the contract prescribed distance (400 kms from Geraldton).

The cost of employing in-house staff in the delivery of the contract and other related expenses is estimated at \$500,000. This regional business will also use subcontractors and suppliers that are located within the prescribed distance in the delivery of the contract to the value at \$4,500,000. The value of this portion of the tender (\$5,000,000) represents regional content. The regional content preference of 5% is applied to this portion of the tender.

Tender B of \$4,900,000 is received from a Western Australian business located outside the prescribed distance (Perth Metropolitan Area).

This business will use regional businesses located within the prescribed distance (400 kms from Geraldton) for a contract price of \$3,000,000, in the delivery of the contract outcomes. The value of this portion of the tender (\$3,000,000) represents regional content. The 5% regional content preference is applied to this portion of the tender.

The preferences are applied as follows:

Tenders Received	Regional Price Preferences	Adjusted Price for Comparative Evaluation Only
Tender A \$5,000,000 Eligible regional business	Regional Business Preference Less 5% of \$5,000,000 = \$250,000 Regional Content Preference Less 5% of \$5,000,000 = \$250,000	Tender Price – Regional Price Preferences = Adjusted Price \$5,000,000 - \$500,000 = \$4,500,000
Tender B \$ 4,900,000 WA business located <u>outside</u> the prescribed distance. (Perth area)	Regional Business Preference Not Applicable Regional Content Preference Less 5% of \$3,000,000= \$150,000	Tender Price – Regional Price Preferences = Adjusted Price \$4,900,000 - \$150,000 = \$4,750,000

Tender A is the lowest adjusted price for comparative evaluation. If successful, the contract award price is \$5,000,000.

Example of applying Regional Price Preferences – Goods and Services

A tender for a goods and services contract is called in Albany (Zone 2, prescribed distance 200 kms). Compliant tenders are received from a regional business located within the prescribed distance and a Western Australian business located outside the prescribed distance. One prospective supplier claims regional business preference and the other a regional content preference.

Tender A of \$620,000 is received from an eligible regional business (section 4.3). The 10% regional business preference applies to the total tender as the business is located within the contract prescribed distance (200 kms from Albany).

Tender B of \$590,000 is received from a Western Australian business located outside the prescribed distance (Perth Metropolitan Area).

This business will use a regional business located within the prescribed distance (200 kms from Albany) at a cost of \$380,000, in the delivery of the contract outcomes. The value of this portion of the tender (\$380,000) represents regional content. The 10% regional content preference is applied to this portion of the tender.

The preferences are applied as follows:

Tenders Received	Regional Price Preferences	Adjusted Price for Comparative Evaluation Only
Tender A \$620,000 Eligible regional business	Regional Business Preference Less 10% of \$620,000= \$62,000 Regional Content Preference <i>(as this is a goods and services contract only one preference can be claimed)</i>	Tender Price – Regional Price Preferences = Adjusted Price \$620,000 - \$62,000 = \$558,000
Tender B \$590,000 WA business located <u>outside</u> the prescribed distance. (Perth Area)	Regional Business Preference Not Applicable Regional Content Preference Less 10% of \$380,000 = \$38,000	Tender Price – Regional Price Preference = Adjusted Price \$590,000 - \$38,000 = \$552,000

Tender B is the lowest adjusted price for comparative evaluation. If successful, the contract award price is \$590,000.

Appendix B

Example of applying the Imported Content Impost

A tender is called in Perth and two compliant tenders are received from businesses located in Zone 1 (Perth Metropolitan Area). Both prospective suppliers claim imported content.

Tender A is for \$5,650,000 of which \$300,000 comprises of content directly imported from Vietnam and China. A 20% impost is applied to this portion of the tender and added to the total tender sum (GST inclusive).

Tender B is for \$5,700,000 of which \$40,000 comprises of content directly imported from China. A 20% impost is applied to this portion of the tender and added to the total tender sum (GST inclusive).

The imported content impost is applied as follows:

Tenders Received	Imported Content Impost	Adjusted Price for Comparative Evaluation Only
Tender A \$5,650,000	Imported Content Impost 20% of \$300,000 = \$60,000	Tender Price + Impost = Adjusted Price $\$5,650,000 + \$60,000$ = \$5,710,000
Tender B \$5,700,000	Imported Content Impost 20% of \$40,000 = \$8,000	Tender Price + Impost = Adjusted Price $\$5,700,000 + \$8,000$ = \$5,708,000

Tender B is the lowest adjusted price for comparative evaluation. If successful, the contract award price is \$5,700,000.

Appendix C

Non-Mandatory Common Use Arrangement List for Regional Purchases

The below Common Use Arrangements (CUAs) are non-mandatory or have a category/categories that are non-mandatory for purchases in regional Western Australia.

- Agricultural Products GBA201312137
- Audit and Financial Advisory Services CUAFA2018
- Cleaning, kitchen and bathroom products CUACKB2015
- Computing and Mobile Devices CUACMD2014
- Debt Recovery Services CUADRS2018
- Domestic LPG, Medical, Industrial and Speciality Gases CUAGAS2016 (non-mandatory for 9kg domestic LPG cylinders)
- Electricity Services - Retail CUAELC2012 (non-mandatory for Renewable Energy Certificates, Demand Side Management, Energy Buy Back Schemes)
- Food and Groceries for the Goldfields – Esperance Region RBA201900612
- Fuel CUAFUE2013 (Non-mandatory for drum fuel)
- GovNext-ICT CUAGNICT2015 (non-mandatory for regional purchases under \$50,000)
- Groceries and Fresh Produce South West Region GBA201410882
- Groceries and Fresh Produce for the Narrogin and Southern Wheatbelt Districts GBA201503510
- Human Resource and Investigation Services CUAHRS2015
- Information and Communications Technology Services CUAICTS2015
- Interpreting and Translating Services CUAITS2017
- Media Booking, Buying and Planning Services for Advertising CUAMBBP2018 (non-mandatory for Category B: Media Strategy and Channel Planning and Category C: Additional Advertising Services)
- Motor Vehicle Fleet Services CUA06916 (non-mandatory for Tyre Supply and Fitting Services and Aftermarket Vehicle Accessories)
- Motor Vehicle Rental CUAMVR2019 (non-mandatory under certain conditions)
- Natural Reticulated Gas Supply CUARGS2014
- Office Stationery and Consumables CUASTA2014
- Office and Classroom Furniture CUAFRN2017
- Over the Counter Services CUAOTC2018
- Printing and Copying Machines and Solutions CUAPCS2018
- Provision of Food and Groceries for the Great Southern Region GBA201801000
- Provision of Food and Groceries for the Midwest Region GBA201705330
- Purchasing Card Services and Expense Management System CUAPC2019 (non-mandatory for Expense Management System)
- Removalist Services CUAREM2017 (non-mandatory for office relocations in regional areas and staff relocations in regional areas)

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- Storage, Retrieval, Destruction and Digitisation of Paper and Electronic Records CUAREC2015
- Telecommunication Services CUA56808 (non-mandatory for Hardware: Cellular Mobile)
- Temporary Personnel Services CUATPS2019
- Total Apparel Management Services CUATAM2016
- Transport Services – Freight and Courier CUATRP2016
- Travel Management Services CUATMS2017
- Waste Disposal Services for the Mid West Region RBA201805789
- Waste Disposal and Recycling Services CUAWAS2016

Appendix D

IMPLEMENTATION AGREEMENT

Topics to be considered:

1. **General Application**
 - a. Adherence/ adoption of State Supply Commission Policies
 - b. Agency process for handling procurement related complaints
 - c. Agency process for providing feedback to unsuccessful tenderers
 - d. Outline of the circumstances in which early tender advice will be provided to prospective suppliers
 - e. Commitment to using Standards and specifications that do not hinder Western Australian supply opportunities
 - f. Outline of any intended contractual arrangements where a private sector provider will be appointed to undertake procurement on behalf of the agency (including relationship with suppliers and subcontractors)
 - g. Commitment to reporting on overall contract award outcomes
2. **Regional Application** (refer to Appendices E and F for guidance on potential content)
 - a. Accountability
 - b. Engagement and Participation
 - c. Process and Practice
 - d. Regional Reporting

Appendix E

Regional Implementation Support Document

Purpose: Relevant State Government agencies should develop and implement an annual regional implementation agreement. Agencies must adopt a philosophy of buying as close to home as possible to where the goods and services or activity is being delivered.

Outcome: To obtain greater economic benefits to regional communities through procurement processes, procedures and practices that maximise the viable involvement of regionally based businesses in State Government spending in Regional WA.

Oversight and Accountability: Agencies should, as appropriate, develop a Regional Implementation Agreement for consideration and approval by the Department of Jobs, Tourism, Science and Innovation.

Reporting: Agencies will report annually on application.



	OUTCOME	ACTIVITY	MEASURE	MET Y/N
ACCOUNTABILITY	Agency accountability for Regional Implementation Agreement	Approval/endorsement of the Regional Agreement	Endorsement of the agency's Agreement by the Department of Jobs, Tourism, Science and Innovation	<input type="checkbox"/>
		The agency's outcomes and actions are assessable	The agency shall report annually against outcomes and measures	<input type="checkbox"/>
	Improved compliance, monitoring and review practices	Ensure that agency procurement policies and procedures reflect any changes to the Buy Local Policy	Updating procurement guidelines, templates and policies and procedures to ensure they reflect the guiding philosophy of the Buy Local Policy and any updates or changes to the policy	<input type="checkbox"/>
		Buy Local evaluation reports are reviewed for compliance with the Buy Local Policy.	Assigning an officer with responsibility for Buy Local Policy reviews, monitoring and updating for compliance, and Agreement reporting	<input type="checkbox"/>

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	Ensure Buy Local complaints are dealt with in an accessible and transparent manner	Establish a customer focused complaints mechanism with powers to review decisions	Define a complaints process and include the complaints process in procurement documentation and on the agency website	<input type="checkbox"/>
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ENGAGEMENT & PARTICIPATION	OUTCOME	ACTIVITY	MEASURE	Y/N
	Improved regional engagement around agency procurement opportunities	Use of a formal regional engagement processes for procurements Contact with Local Content Adviser/s Involvement with regional businesses, industry and stakeholders Understand capability of regional businesses	Development of a regional engagement template, which shall form part of the procurement practice within the agency's procurement guidelines	<input type="checkbox"/>
Increased awareness of upcoming Government work in the regions	Undertake annual pre-procurement briefing in regional centres to highlight potential tender opportunities that may arise during the upcoming financial year	Number of session conducted during the financial year.	<input type="checkbox"/>	
Government Procurement Officers are provided with the same level of procurement training and support as their metropolitan counterparts.	Training to regional staff is accessible within the regions	Training is undertaken in regional centres or made available online	<input type="checkbox"/>	
		Tender briefings are conducted in the locality of the procurement by regional procurement officers, and where this is not possible then briefings should be accessible in the regions online	<input type="checkbox"/>	
		Identify agency panels that do not have local content coverage in regional localities where the supply is delivered	<input type="checkbox"/>	

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	Increased regional participation in the membership of regional panels and/or standing offers	Work proactively to improve levels of involvement of regional businesses in Panels with a regional supply component	Exploring the potential to issue contracts to local businesses that are outside of the existing panel membership	<input type="checkbox"/>
			Ensure panel request documents are drafted so that they do not discriminate against regional businesses	<input type="checkbox"/>
	Agency to appoint an officer with regional procurement responsibility	Officer appointed and officer details accessible	Details of regional procurement officer published on agency website	<input type="checkbox"/>
			Details of a regional procurement officer published in agency tender and contract documentation	<input type="checkbox"/>
			Details of regional procurement officer published in agency contract award letters	<input type="checkbox"/>

PROCESS & PRACTICE	OUTCOME	ACTIVITY	MEASURE	Y/ N
	Decentralisation of procurement functions	Create a delegation register	Agency to establish and regularly review a delegation register	<input type="checkbox"/>
		Improve the current level of involvement in procurement activities and assessments by regionally based staff	Identify procurement best practice and adopt decentralised procurement models	<input type="checkbox"/>
	Recognition that regional procurement practices require adjustment to accommodate the challenges of procurement in	Ensuring that regional business and industry is given a full, fair and primary opportunity to obtain State Government work	Implement checklists designed for regional tenders and assessment of regional value for money to be embedded into procurement practice guidelines	<input type="checkbox"/>

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	regional Western Australia, particularly in 'small' rural and remote towns, comprising populations of under 4,000	Procurement practices are conducted to give consideration to regional economic impacts	Use of direct sourcing through businesses based in 'small' regional communities	<input type="checkbox"/>
			Direct sourcing through aboriginal businesses be encouraged on a value for money basis	<input type="checkbox"/>

	OUTCOME	ACTIVITY	MEASURE	Y/ N
REPORTING	Improve the effectiveness and utility of agency procurement reporting	Regional procurement data is collected by the Agency in order to measure regional procurement performance and outcomes	Establish data collection instruments	<input type="checkbox"/>
			Collect annual number and value of purchases and contracts awarded within each region	<input type="checkbox"/>
		Identify issues for improvement in data integrity	Collect percentage of total agency spend awarded to regionally based businesses	<input type="checkbox"/>
		Benchmark and compare trends and results on a year-on-year basis	Collect annual number and value of contracts awarded on the basis of applying regional price preferences	<input type="checkbox"/>

Appendix F

WA BUY LOCAL POLICY 2020 REGIONAL VALUE FOR MONEY CHECKLIST

This checklist represents items that could require additional value for money consideration when undertaking procurement in the regions. The checklist is intended to serve as a basis for consideration and discussion as agencies assess their approach to regional procurement.

In a regional sense when evaluating regional value for money considerations the proportion of the contract that is undertaken locally means undertaken within the prescribed distance.

WRITTEN TENDERING AND QUOTATION – Over 50K

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
Policy Formulation	The development of regional procurement activities at the agency level supports the intent of obtaining value for money including regional outcomes.	Direct Engagement <ul style="list-style-type: none"> The direct engagement of Aboriginal businesses as per the Aboriginal Procurement Policy is encouraged. The direct engagement of local regional based businesses in small towns up to a contract value of \$50,000 is encouraged on the proviso that other value for money considerations are taken into account. Consideration be given to restricting quotations (under \$250,000) to the regional specific location. 			
	Sub-contractors are appointed on the same value for money basis required by the agency	<ul style="list-style-type: none"> Regional value for money considerations are included into agreements with head contractors. Requirements associated with non – cost and price preference commitments and monitored and enforced. 			

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
	Respondents are fairly assessed on the regional benefits and outcomes associated with selection criteria.	<ul style="list-style-type: none"> Where practicable the tender assessment should be conducted in the locality of the procurement. At least one evaluation panel members should reside in the locality that the tender is being undertaken. If this is not practicable then a panel member that has a very good understanding of the locality. 			
	Price preferences provide respondents with fair and reasonable preferential treatment to bid for tenders within their regional locality.	<ul style="list-style-type: none"> Price preference questionnaires are consistent and provide sufficient guidance for the respondent to apply. Rigorous checks are put in place to ensure that price preference claims are in accordance with the Buy Local Policy. Price preferences that have been granted should be checked to ensure that the successful respondent undertakes the contract in accordance with the amount claimed. 			
	Assessment panels are responsible to ensure that regional value for money considerations have been taken into account.	<ul style="list-style-type: none"> Where a local regional business is not chosen for a contract. The procurement chair must seek award approval from the officer delegated to have responsibility for the Implementation Agreement for the Buy Local Policy. The assessment report must outline how the regional benefits under each criteria were assessed. 			
Procurement Planning and Drafting	Criteria is developed and weighted to enable the evaluation panel to assess the value for money approach for regional benefits and	Suitability of Proposed Product - Where applicable include items in the scope such as: <ul style="list-style-type: none"> Suitability for specific region or environmental conditions 			

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
	outcomes.	<ul style="list-style-type: none"> • Recycling capacity of the product in the region • Reduction in transport related inputs • Sustainability considerations waste, • Local manufacturing industry • Compatibility with regional specific infrastructure i.e. Electricity, Jetties, Roads etc. 			
		<p>Methodology</p> <ul style="list-style-type: none"> • Understanding of the constraints associated with the specific site i.e. Climatic Conditions • Logistics in engaging local subcontractors • Relationships with Local Government, State Government and industry • How the contractor is going to hand over the facility once completed? • Commissioning and startup cost and time • Knowledge of the local culture, politics, industry associations and regional intelligence 			
		<p>Organisational Capacity</p> <ul style="list-style-type: none"> • Ability to respond to the regional location • Deployment and mobilisation costs and timelines. • Supply chain relationships with local suppliers and sub-contractors. • Local knowledge of the workforce and conditions 			
		<p>Service and Maintenance</p> <ul style="list-style-type: none"> • Availability of local service agents • Technical backup and support • Regional Stock holding 			

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PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
		<ul style="list-style-type: none"> • After hours support • Regional warrantee or defects liability support • Skills development • Industry sustainability 			
		Delivery, Training and Service <ul style="list-style-type: none"> • On site operator/user training cost and access • On site Installation and trouble shooting. • Freight costs • Inspection facilities • Equipment downtime costs 			
		Demonstrated Experience <ul style="list-style-type: none"> • Request experience within the regional location • Provide details of previous installations/builds conducted within that locality • Experience and knowledge in working with Local trades and industry 			
		Contract Team/Specified personnel <ul style="list-style-type: none"> • Highlight importance of having the contract team in a regional location • Availability of the contract team at short notice. • Involvement of contract team in community activities i.e. voluntary fire, community services • Use of local manufacturing facilities and sub-contractors • Experience in working within that locality • Ease of communications – meetings etc. 			
		Regional Benefits <ul style="list-style-type: none"> • Use of local regional suppliers • Employment of apprentices and trainees • Support to local charities and clubs 			

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
		<ul style="list-style-type: none"> • Employment of youth, Aboriginal people with disabilities and other disadvantaged groups. • Use of local employment and training agencies 			
		Industry Development <ul style="list-style-type: none"> • Engagement with local industry associations • Economic effect on especially on smaller communities • Increasing the regional capability of the business • Impact on the supply chain within the community. • Sustainability of the industry – especially manufacturing facilities in regional towns. 			
		The document contains price preference clauses and these are in accordance with the Buy Local Policy.			
Assessment	Adopt a buy close to home philosophy using the previous weighted selection criteria as a basis for assessment.	Price preferences clauses associated with regional content and business preference commitments are assessed.			
		Suitability of proposed product <ul style="list-style-type: none"> • Product suitability for the specific locality environmental conditions and regional connectivity. • Sustainability – waste reduction, transport costs, recycling and compatibility with regional infrastructure. • 			
		Methodology <ul style="list-style-type: none"> • Respondent’s understanding of locality constraints 			

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
		<ul style="list-style-type: none"> • How the respondent plans to work with local government and industry within the locality • Assess how the respondent plans to engage with local subcontractors. • Assess the respondent’s ability to install and commission the product from the locality. • Assess the handover methodology once the project has been completed to local businesses. • Importance of local culture, politics, industry contacts and regional intelligence. 			
		<p>Organisational Capacity</p> <ul style="list-style-type: none"> • Assess ability to respond to the regional location • Ability to access supply chain expertise • Availability of key personnel to attend site urgently or in the case of an emergency. 			
		<p>Service and Maintenance</p> <ul style="list-style-type: none"> • Assess the ability of service agents to attend site • Management, identification and rectification of defects – Timeliness, responsiveness, and understanding of the issues. • Availability of technical backup, ongoing inspections and support at that location. • After hours callout capability and response time • Consider inventory levels within the locality and costs associated with freight if stock is not available in the town. • Availability of warrantee arrangements for regional and remote localities. 			
		Delivery, Service and training			

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
		<ul style="list-style-type: none"> • Assess the ability of the respondent to provide training and support to the operator. Including ongoing training support on site. • Assess the ability of the respondent to trouble shoot installation issues and costs associated with undertaking this service. • Assess how the respondent will minimise downtime • Costs and responsiveness to conduct onsite inspections or the ability to form partnerships with local subcontractors to undertake this work. 			
		<p>Demonstrated Experience</p> <ul style="list-style-type: none"> • Assess the experience that the respondent has had in the locality. What was the outcome with similar products and services? • Do they have any referees within the locality that can testify there experience. • Demonstrated experience and knowledge of working with contractors in the locality. 			
		<p>Assessing the level of regional economic benefit by the amount that:</p> <ul style="list-style-type: none"> • The proposal supports a local manufacturing base • Utilises local regional materials and services • Supports local regional subcontractors • The proposal seeks to increase regional capability 			

Appendices

PROCESS	REGIONAL OUTCOME	ACTIVITY UNDERTAKEN	Y	N	COMMENT
		<ul style="list-style-type: none"> • Compares the involvement of the respondents in local business associations, sponsorship and community involvement. 			
		<p>Industry Development</p> <ul style="list-style-type: none"> • Assesses the economic effect of the proposal on smaller communities • Increases the regional capability of the business to undertake work outside of government work. • Impact on the supply chain within the community. • The proposal provides greater sustainability of the industry – especially manufacturing facilities in regional towns. 			