



# Western Australian Buy Local Policy 2022

The WA Buy Local Policy, is designed to ensure regional businesses benefit from the State Government's annual \$30 billion spend on goods, services and works.

The McGowan Government's revised WA Buy Local Policy 2022 will ensure State Government agencies prioritise local businesses that are based in the regional location in which the work or service is being delivered.

## How will the WA Buy Local Policy benefit regional WA?

The WA Buy Local Policy brings more work to regional economies and creates thousands of jobs for regional Western Australians. Specifically, it:

- **Gives preference to regional suppliers** and contractors through the Regional Price Preferences in tender evaluations.
- **Provides training** for regional suppliers to understand the policy and how to apply for contracts.
- **Increases responsibility** for regional offices of State Government agencies, to allow greater local decision-making about contracting of works, goods and services.
- **Establishes new channels of communication** between regional stakeholders and the State Government, including regular regional business engagement forums, deploying the Local Content Adviser Network and look ahead lists that advise of upcoming tenders in regional areas.
- **Develops Implementation Agreements** to ensure State Government agencies apply the WA Buy Local Policy.
- **Increases reporting** of agency outcomes to monitor the policy's effectiveness and identify further improvements.

## What is a Regional Price Preference?

A Regional Price Preference is a reduction applied to a prospective supplier's tender price, for evaluation purposes only, to give them an advantage in the competitive tender process.

There are two types:

1. **Regional Business Preference** – regional businesses within a prescribed distance from the point of contract delivery receive preference when tendering or quoting for contracts.
2. **Regional Content Preference** – regional content is the cost of services or supplies provided by regional businesses located within a prescribed distance. The regional content preference will only be applied to the value of the portion of regional content claimed in a tender submission.

## How is the Regional Price Preference applied?

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

### Goods and Services Contracts:

- The maximum reduction that can be applied is \$250,000 incl. GST.
- Businesses may be eligible for either 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.



## Works Contracts:

- The maximum reduction that can be applied is \$500,000 incl GST.
- An eligible business 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.

Using an example, a prospective eligible regional supplier may offer a price of \$1,500,000 for a goods and service contract. It meets the relevant criteria for a business preference, so the agency applies the regional price preference and the prospective supplier's offer is reduced and is now assessed as though the offered price was \$1,350,000 (10% reduction).

A prospective supplier from the Perth Metro area offers a similar price of \$1,500,000 of which \$1,000,000 is regional content. It is therefore reduced and assessed as though the offered price was \$1,400,000 (10% reduction on the \$1,000,000 that is regional content).

The regional supplier has the most attractive price for evaluation purposes and is awarded the contract to the value of its original bid of \$1,500,000.

## What is an Implementation Agreement?

An Implementation Agreement sets out an agency's specific commitments to achieve the WA BLP objectives against templates contained in the policy document. The agreement must be signed by an agency head and will be reviewed as to outcomes and future deliverables.

## Which State Government authorities does the WA Buy Local Policy apply to?

The WA Buy Local Policy applies to all State Government public authorities. A number of Government Trading Entities have also incorporated the policy into their business models. Good levels of cooperation on achieving government objectives has already occurred through the *Western Australian Jobs Act 2017* and the Western Australian Industry Participation Strategy.

## How can I access Early Tender Advice / Look-ahead Lists?

This information is available on an agency's website or under the Early Tender Advice section of Tenders WA.

## Are there any training workshops for regional businesses or information on upcoming supply opportunities?

Training workshops and regional business engagement forums are scheduled for various regional locations throughout WA. They will be advertised on the WA Industry Link website, through the Regional Development Commissions and local Chambers of Commerce and Industry.

There is no cost to attend these training workshops and forums.