Government of **Western Australia**
Department of **Energy and Economic Diversification**

Guideline

GUIDELINES TO ADDENDUM TO WESTERN AUSTRALIAN INDUSTRY PARTICIPATION STRATEGY (WAIPS) 2024

STEEL FABRICATION SUPPLY CHAIN

Purpose of these Guidelines

These Guidelines support the implementation of the key measures outlined in the Addendum to WAIPS 2024 – Steel Fabrication Supply Chain ("the Addendum") by Western Australian Government agencies. Agencies are encouraged to refer to these Guidelines in conjunction with the Addendum.

As outlined in the Addendum, the key measures apply to agency procurements in which:

- *an agency directly procures steel fabrication products from a contractor; or*
- *an agency engages a contractor to procure steel fabrication products on the agency's behalf as part of a broader project.*

Fabricated steel refers to steel products that have been through a manufacturing process to transform them into ready to install components. As fabricated steel may represent only one component of a procurement, the key measures are intended to be applied either to the entire procurement or specifically to the steel fabrication component.

To provide agencies with sufficient time to implement the necessary changes, a three-month adoption period applies from the date of publication of the Addendum. Accordingly, the requirements will apply to all new procurements advertised from 20 February 2027.

Demonstrating consideration of the Steel Fabrication Addendum is mandatory. These accompanying guidelines represent good practice, are strongly recommended for procurements above the WAIPS thresholds, and are particularly relevant to construction-related projects.

1. Use of the 20% imported content price impost for non-Australia and New Zealand content

Section 4.10 of WAIPS 2024 outlines that an imported content impost is available through the ANZGPA framework. Under this framework, agencies can apply a 20%

price impost to the proportion of bids comprising goods, services or other items originating outside Australia and New Zealand.

Where a procurement involves non-ANZ content, agencies should consider applying the imported content price impost to the steel fabrication component of procurements.

Agencies should clearly state in the tender request documentation whether the imported content impost will apply.

Example Request Wording

Imported Content	The Procuring Agency will apply an Imported Content Impost (20% price impost, calculated in dollar terms) for evaluation purposes only, to the portion of a Respondent's Response that comprises Imported Content. The Imported Content Impost can be applied regardless of the specified Point of Delivery. Imported content is goods, services or items imported directly from another country, excluding content imported directly from New Zealand or content that the Respondent will purchase from Australian or New Zealand based suppliers (**Imported Content**). Imported Content includes: (a) the cost of any services related to importing the goods, services or items (e.g. overseas freight and insurance, software in computer tenders, consultancy or engineering effort); and (b) any charges of overseas origin together with customs clearing charges. The Imported Content Impost is not applied to services purchased separately or in isolation to the importing of goods, services or items from overseas. Respondents are required to declare the cost of any portion of their Response that comprises Imported Content by completing Section of the Response Form.

Where the imported content impost applies, tenderers should, at a minimum, identify:

- Goods/Service/Item Description
- Country of Origin; and
- Cost $ (including GST).

Agencies may request supporting evidence to verify local and imported content claims as part of a tender evaluation process or contract finalisation. Examples include:

- certificates of origin;
- mill certificates;
- manufacturing declarations (declaration forms);
- traceability records; and
- independent verification documentation.

The ANZGPA does not apply to non-covered entities, however there is no restriction preventing similar approaches being implemented where appropriate. For the purposes of ANZGPA, covered entities are Government bodies (Departments and

other relevant public bodies including statutory authorities), which are controlled by the Parties to the Agreement. Non-covered are defined as any local authority, Government owned corporation, body corporate or other legal entity that has the power to contract.

2. WAIPS strategic project designation

Strategic project designation may be appropriate for projects that:

- involve substantial fabricated steel expenditure;
- have significant regional or economic importance;
- present opportunities for long-term capability building;
- involve strategic infrastructure; or
- presents opportunities for import replacement.

WAIPS strategic project designation provides an opportunity to incorporate project-specific participation plan requirements and reporting obligations relating to steel fabrications outcomes sought by Government.

Examples may include:

- minimum local content targets (%) for local fabricated steel or building products;
- local subcontracting requirements;
- regional participation objectives; or
- workforce and apprenticeship commitments for the steel fabrication industry.

For information on the strategic project designation process, refer to Section 4.4 of the WAIPS: Operations Guide.

3. Compliance and evaluation criteria linked to Section 7 of the WA Jobs Act

If a lower evaluation weighting is applied to the participation plan (for example, less than 10 per cent), agencies should consider incorporating additional evaluation and compliance criteria into the procurement process that align with the objectives of section 7 of the WA Jobs Act.

Examples of evaluation criteria that may be used or adapted to align with the specific procurement are provided below. While steel fabrication may be primary focus, some examples may also be applicable across the broader supply chain. This is encouraged, as promoting local supply opportunities throughout the project lifecycle aligns strongly with the intent of the WA Jobs Act:

- Outline your proposed use of local steel fabricators for this project, including engagement methods and the estimated percentage of steel that will be locally fabricated;
- Describe the subcontracting opportunities available to Western Australian suppliers and your planned approach to engage these subcontractors;
- Local workforce participation is a priority outcome for this procurement. As a head contractor, outline your commitments to the local steel fabrication workforce, including how you will monitor and achieve local steel fabrication outcomes throughout your supply chain;
- Apprenticeships, traineeships and building work readiness in the workforce are important outcomes for the Western Australian Government. Detail the apprentices and trainees who will participate in this project, the skills expected to be developed and any opportunities specific to the steel fabrication;
- As this procurement is being delivered in a regional area of Western Australia, outline the initiatives that will be implemented to increase local steel fabrication and regional supplier participation;
- Describe how the project will support innovation and the adoption of new technologies, including within the steel fabrication supply chain;
- Describe how the project will contribute to the development of local industry capability, including within the steel fabrication sector; and
- Supply chain resilience in the steel fabrication industry is an important outcome for Western Australian Government. Outline how your proposed activities will support and strengthen supply chain resilience in Western Australia.

4. Direct sourcing of local fabricated and recycled steel

Agencies are encouraged to consider direct sourcing where local steel fabrication capability exists, and procurement risks are manageable. Direct sourcing decisions should:

- demonstrate value for money; and
- support local manufacturing capability.

Information on this key measure is available at Addendum 2 WAIPS 2024 – Direct Sourcing for WA Manufacturing and General Procurement Direction 2025/15 - Supporting Local Manufacturing. (GPD). This Addendum may be used by all agencies, including Government Trading Enterprises to directly source locally manufactured products with a total estimated value up to $5 million.

5. Communication to Support Local Suppliers

Agencies are encouraged to increase engagement and communication with local steel fabricators. Agencies should incorporate local market engagement requirements into procurement planning and competitive procurement processes. This may include local market testing through open tenders or open expression of interests, followed by restricted tender processes where appropriate. For procurements involving steel products, tender briefings can be used to inform and engage local suppliers.

Tender briefings may include:

- overview of project scope;
- expected timelines;
- local participation expectations;
- evaluation methodology;
- compliance requirements; and
- subcontracting opportunities.

6. Value for money and a focus on the benefits of proximity

Value for money is a fundamental principle that guides procurement policy and decision making, as outlined in section 8 of the Western Australian Jobs Act 2017 and the Rule A1 of the Western Australian Procurement Rules.

Value for money should be assessed broadly and not be limited to lowest purchase price. Procurement planning should consider the incorporation of additional qualitative factors and broader economic and social outcomes.

The WAIPS objectives outlined in the WA Jobs Act include outcomes such as employment, regional development, supply chain resilience and industry capability development. When applying these objectives, agencies should adopt a case-by-case approach that considers relevant whole of life costs, together with assessment of technical and risk based qualitative criteria.

Agencies should also consider supplier proximity as part of the tender process and consider the potential benefits of engaging local suppliers, including:

- improved communication;
- improved quality outcomes and adherence to Australian standards;
- ease of inspection and oversight;
- efficient delivery and logistics;
- reduced transport-related risks;
- responsiveness to project requirements;
- after-sales support including ongoing servicing and maintenance; and

- timely resolution of defects or operational issues.

Example questions
The following example qualitative questions may be incorporated into the procurement documentation. Agencies seeking to include project-specific qualitative questions in a participation plan can contact WA Industry Link to discuss the available options.

- Describe how your local presence will support communication, inspection, and project delivery.
- Outline how your supply chain arrangements will improve delivery certainty and responsiveness.
- Describe how your proposal will support local workforce capability and regional economic activity.
- Describe the scope of local after-sales support you will be able to provide including servicing, maintenance and repair.

7. "If not, why not" approach to local procurement

For projects above the WAIPS thresholds, agencies should ensure WA-based suppliers are actively considered and provided a full, fair and reasonable opportunity to participate.

Where WA-based suppliers are not successful, agencies should consider how local capability and competitiveness can be enhanced. Agencies should identify:

- reasons for non-selection;
- capability or competitiveness gaps;
- procurement barriers; and
- actions that may improve future local participation.

As part of their standard processes, agencies are encouraged to document in recommendation reports the reasons local suppliers were not selected and identify actions that could support local participation in future procurements. Potential action may include notifying DEED of an opportunity to develop local capability. This approach to local procurement supports continuous improvement and a better understanding of local capability.

8. Promotion and Media Opportunities

Agencies, head contractors and successful local suppliers of fabricated steel are encouraged to promote and communicate their success in relation to contract awards and local outcomes achieved through fabricated steel procurements, in

alignment with the objectives of the Made in WA Plan to support the revitalisation of manufacturing.

Outcomes that may be promoted include:

- local employment, training, upskilling, apprenticeships and traineeships.
- engagement of local businesses and subcontractors
- development of local supplier capability and competitiveness
- import replacement
- increased use of locally manufactured inputs and services
- stronger regional economic activity and community benefits
- recycled steel initiatives

Joint promotional activities with agencies are also encouraged where appropriate. These could include social media posts, industry publications, agency reporting, local newspapers, webpage updates or media statements.

Promotional activities should comply with government communications protocols and accurately reflect project outcomes.

9. Regional Price Preferences

Regional Price Preferences are detailed in the Buy Local Policy and WAIPS.

A Regional Price Preference is a reduction applied to a prospective supplier's tender price, for evaluation purposes only, to give the supplier an advantage in the competitive tender process. There are two types of Regional Price Preferences:

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.

Regional Price Preferences should continue to be applied to procurements undertaken in in regional Western Australia including when the procurement involves fabricated steel products.

10. Specification conformance

During the various phases of the procurement, emphasis should be placed on performance factors.

Evaluation of offers should include assessment of business model certification, verification of product composition and performance, and consideration of applicable international or Australian standards. Examples of certification bodies in the steelwork fabrication industry include Weld Australia, Steelwork Compliance Australia and Steel Sustainability Australia.

These performance requirements apply broadly and may include quality assurance systems, environmental management systems, occupational health and safety systems (also refer to key measure 13) and other relevant standards.

Prior to contract award, agencies should verify all certificates of compliance.

11. Contractual and sub-contractual arrangements

The WAIPS Participation Plan provides for local contractors to be listed. As part of their review of the participation plan, agencies should incorporate processes to confirm whether local contractors, subcontractors and suppliers have been identified and included where relevant.

In addition, agencies may communicate with head contractors to encourage engagement with local steel fabricators. Examples for engagement activities include:

- to ask about services which local fabricators can provide;
- encouraging consideration of local suppliers for unallocated work packages; and
- promoting attend at industry briefings and supplier engagement events.

Agencies could also consider inclusion of a compliance criterion that requires head contractors to demonstrate engagement and communication with potential local subcontractors.

12. Reserved/set aside contracting

A set-aside arrangement may be specified in the Request requiring that either a proportion or the total supply of steel fabrication products are to be procured from local suppliers.

A reserved or set-aside procurement may be appropriate where:

- projects have a large, fabricated steel procurement component;
- local capacity and capability exist and there is a local supplier track record;
- the benefits of local inspection, and delivery are significant;
- quality risks associated with imported products have previously arisen;
- regional economic benefits are substantial; or
- local supply chain resilience is a priority.

Market research by the agency to assess local capability, capacity and supplier availability should be undertaken before a final determination is made.

13. Work Health and Safety (WHS) compliance

Agencies are encouraged to include a tender specification requiring compliance with Australian and New Zealand WHS standards, or an accepted equivalent standard where appropriate.

For procurements which include steel fabrication, agencies should consider the appropriate WHS standards applicable to the procurement. Where fabrication capability is not available in Australia or New Zealand, agencies should determine whether equivalent overseas WHS standards are acceptable. When implementing this measure, agencies may consider

- applicable WHS standards;
- the availability of fabrication capability in Australia and New Zealand; and
- the extent to which equivalent WHS standards in other jurisdictions may be accepted where local capability does not exist.

This measure promotes a consistent approach to WHS requirements across and local and international supply arrangements. It also reinforces the WA Government's commitment to safe working environments. Agencies should consider modern slavery and utilise the standard WA Government clause in their tenders.

This requirement supports:

- consistency in WHS expectations;
- fair competition;
- safe production practices; and
- alignment with broader government WHS objectives.

Agencies may request supporting documentation including:

- WHS certifications;
- audit reports;
- incident reporting records; and

- independent verification documentation.

Example contract clauses

Work Health and Safety Standards for Steel Fabrication	The Contractor must: a. Provide evidence [prior to contract award /at the commencement of the contract] that the facility where the steel is produced complies with Australian and New Zealand WHS standards, or equivalent. b. Maintain those standards throughout the contract term.

14. Dispute Resolution Process

A dispute resolution process should be included within agency policy manuals to outline how tender and contract disputes can be resolved. Advice is available on Submitting a complaint about a procurement process.

Dispute resolution processes should support:

- procedural fairness;
- timely issue resolution; and
- transparent communication.

Disputes may relate to:

- specification requirements;
- application of standards;
- local participation commitments;
- pricing arrangements;
- evaluation methodology; or
- contract performance.

Examples of disputes that may be raised include concerns regarding:

- poorly conducted post tender award briefings; or
- requests for pricing in a foreign currency rather than Australian dollars.

15. Audit

DEED is developing an audit approach focused on the key measures outlined in the Addendum.

The extent of audit activity may vary depending on:

- project scale;
- procurement risk;

- identified compliance issues;
- Whether issues can be resolved through other means, such as direct discussion and training.

Audit activities may include dispute resolution processes, including agency and supplier engagement, issue management and resolution practices.

Audits may also extend to the existence and adequacy of procurement governance frameworks, including relevant policies, processes and business models as they relate to this Addendum.

Agencies should maintain records sufficient to demonstrate compliance with the Addendum and associated procurement requirements.

Further Advice and Assistance

WAIPS 2024 is a Western Australian Government policy administered by the Department of Energy and Economic Diversification. Further advice on WAIPS requirements can be obtained from WA Industry Link.