

# WESTERN AUSTRALIAN INDUSTRY PARTICIPATION STRATEGY

## SUPPLIERS' GUIDE

*Information to assist prospective suppliers to understand and comply with requirements under the Western Australian Industry Participation Strategy (WAIPS) within the procurement cycle.*

### **What is the WAIPS?**

The WA Jobs Act 2017 requires the Minister for Jobs to develop and implement a written strategy about the participation of local industry in State Government procurement (hereinafter referred to as “supply”).

WAIPS is that strategy and includes monitoring and reporting.

WAIPS applies to Departments, Agencies, Statutory Authorities and Government Trading Enterprises (hereinafter referred to as “Agency” or “Agencies”).

WAIPS is applicable to all forms of procurement (goods, services, housing and works) above designated values. WAIPS does not apply to universities, Local Government procurement and grants.

WAIPS is designed to grow participation by local industry in the delivery of specified government contracts. It provides local industry, particularly small and medium enterprises, with enhanced opportunity to compete for State Government work. It is the State Government’s intention that greater emphasis be given to local participation.

### **What are the key components of the WAIPS?**

- a) The existing State Government “Buy Local Policy” has been utilised to provide key aspects within the WAIPS. Elements have also been drawn from the State Government’s Building Local Industry Policy. Appropriate State Supply Commission policies represent sound procurement practices and will apply to the implementation of the WAIPS.
- b) Value for money remains a key principle in selecting successful bidders for supply. Value for money is a balanced judgement of a range of financial and non-financial factors, taking into account the mix of quality, cost and resources; fitness for purpose; total cost of ownership and risk.  
Properly applied, the value for money principle should assist local bidders.
- c) Dependent on the procurement value under WAIPS, bidders may be required to prepare either a “core” or “full” participation plan as part of a bid for supply. A core participation plan requires bidders to outline local economic benefits should a contract be awarded. A full participation plan requires bidders to indicate how fulfilment of a contract will generate designated economic benefit and demonstrate the means for providing, full, fair and reasonable opportunity to local industry.

- d) A participation plan is a written statement that outlines the commitments of a prospective bidder in relation to the participation by local industry, in particular, small or medium enterprises, in activities for or in connection with supply under WAIPS.
- e) A key aspect is the concept of full, fair and reasonable opportunity for local industry such that competition is on an equal and transparent basis with tenders constructed so as not to restrict, inhibit or hinder local participation.
- f) Templates for participation plans will be provided to bidders as part of the Request documentation.
- g) The structure of a participation plan will vary in terms of WAIPS supply class.
- h) The commitments made in a bidder's participation plan will form part of the tender evaluation process and contract terms for all procuring Agencies within WAIPS.
- i) Participation plans will be weighted at 20% of the qualitative evaluation for both core and full participation plans.
- j) All compliant participation plans will be evaluated by the Department of Jobs, Tourism, Science and Innovation (JTSI) in the context of the realism of submissions and claimed deliverables. Where relevant, past-performance in this area by a bidder will be considered.
- k) JTSI will provide its assessment to the procuring Agency for their inclusion in the overall evaluation.
- l) Bidders will ultimately be notified by the procuring Agency of their success or otherwise.
- m) Unsuccessful bidders can be provided with a debriefing on areas where their offer was deemed deficient or less competitive than the contracted bidder.
- n) Commitments made under participation plans will be incorporated into the contract as a reportable condition.
- o) Contracted bidders will be required to report upon the implementation of their participation plan and demonstrate outcomes achieved at practical completion through a reporting template. Reporting intervals will vary with the duration of the contract.
- p) The procuring Agency may determine whether consequences will apply if successful bidders do not deliver the outcomes committed to in their participation plan.

- q) Where outcomes do not meet the levels committed to in the contract, the contracted bidder must outline the reasons for this (e.g. unavoidable change of sub-contractor or product that resulted in a decrease of local participation or employment).
- r) Where no valid reason can be identified, the procuring Agency may determine that this represents a breach of contract that may trigger that procuring Agency's respective resolution process.
- s) An audit program will be introduced to cover Agency and supplier conformance.
- t) If a variation to the contract occurs during the course of the project, which affects a change in the nature of the contestable items in the project, then a revised participation plan may need to be prepared.
- u) The procuring Agency will notify the contracted bidder that a new participation plan is required that reflects changes to the scope of activities.
- v) The contracted bidder must then prepare and submit a new participation plan for consideration by the procuring Agency.

### **What are the financial thresholds requiring participation plans?**

The thresholds for participation plans based on full estimated contract value over the total life of the contract, including possible extensions, are:

<b>Form of Procurement (WAIPS Supply)</b>	<b>Core Participation Plan</b>	<b>Full Participation Plan</b>
Goods and services – metropolitan and regional contracts	\$500,000 - \$5 million (metro) \$250,000 - \$5 million (regional)	\$5 million or above
Housing and works - regional contracts	\$250,000 - \$2 million	\$2 million or above
Housing and works - metropolitan contracts	\$1 million - \$10 million	\$10 million or above

For procurements below these thresholds (non-WAIPS supply), the State Government's Buy Local Policy and the State Supply Commission policies still apply.

### **What are Strategic Projects?**

Bidders should note that a participation plan with additional local requirements might be required for projects over \$50 million in capital expenditure or \$250 million as measured on a whole-of-life-basis that the Minister for Jobs considers of strategic significance to the Western Australian economy. Examples of additional local employment retention and generation and skills and technology transfer.

Some Strategic Projects may have aspirated minimum local content requirements.

## **Are there special circumstances surrounding regional supply?**

Bidders should note that Agency procurements for regional requirements should include consideration of regional economic impact. This will encompass ensuring regional businesses having full, fair and reasonable opportunity to participate in contracting and supply arrangements. For contracts to be delivered in regional Western Australia there are a number of additional WAIPS initiatives and actions intended to increase regional outcomes.

These include the introduction of local content officers operating within each of the nine Regional Development Commission, encouragement of increased regional procuring Agency delegated spend, modifications to buying rules for Common Use Arrangements and State wide contracts, application of the Regional Preferences and the provision of grant assistance to improve capability, capacity and competitiveness.

Lower financial thresholds apply to regional procurements in order to achieve greater levels of regional participation,

## **How will WAIPS affect the Commonwealth Australian Industry Participation policy?**

Under the Australian Jobs Act 2013, the Commonwealth Government requires project proponents to prepare an Australian Industry Participation Plan (AIPP) for projects valued at A\$500 million or more. The WAIPS can supersede the Commonwealth's AIP policy requirement, in some circumstances, particularly for Western Australian projects that are implemented by the State Government.

## **How is 'local industry' defined?**

Under the WAIPS, the term "local industry" means suppliers of goods produced, or services provided, in Western Australia, another State, a Territory or New Zealand. This is necessary to be consistent with both section 92 of the *Australian Constitution* (which prohibits discriminatory protectionist burdens on interstate trade) and the Australia and New Zealand Government Procurement Agreement.

## **Where can bidders go for advice and assistance?**

The Industry Participation Advisory Service (IPAS) has been specifically established, within the Industry Development area of JTSI, to assist bidders in a variety of ways.

Examples of the type of support services on offer to bidders include:

- Providing suppliers of goods or services with increased access to, and raised awareness of, local industry capability.
- Encouraging local industry to adopt, where appropriate, world's best practice in workplace innovation and the use of new technologies and materials.
- Promoting increased apprenticeship, training and job opportunities in Western Australia.
- Promoting increased opportunities for local industry to develop import replacement capacity.

- Providing guidance on how better to respond to participation plan templates.
- Highlighting areas of potential Commonwealth and the Western Australian Government's business support programs and grant opportunities.
- Introduction and management of a WA Jobs Portal that can be utilised to focus on forthcoming tender opportunities and a range of related information on opportunities to supply to government. This will be linked to the Tenders WA website.
- WA page and the Regional Development Commission sites.
- Early tender advice notices on Tenders WA for procurements above \$5million.
- Ensuring notices are of sufficient duration to enable bidders to prepare for the particular supply opportunity.
- Clarifying any WAIPS and related Western Australian procurement policies.
- Arranging for "How to Tender to Government" workshops, particularly for SMEs in the metropolitan and regional areas.
- Linking subcontractors and prime contractors.
- Utilising the services of local content officers in each of the nine Regional Development Commissions across the State.
- Addressing bidder concerns related to the design and specifications of supplies to ensure that, wherever possible, they are structured to allow for the capacity of local industry.
- Providing information on the potential to supply into the Government market of other States and Territories.