



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

# **Western Australian Industry Participation Strategy (WAIPS)**

# Table of Contents

- Message from the Premier .....2
- 1. Overview .....3
- 2. Coverage .....3
- 3. Key Components of the WAIPS.....4
  - 3.1 Procurement Related Principles and Policies.....4
  - 3.2 Participation Plans.....4
  - 3.3 Strategic Projects .....5
  - 3.4 Exemption .....5
  - 3.5 Regional Procurement.....5
  - 3.6 Value for Money .....5
- 4. Implementing the WAIPS across the Procurement Cycle .....6
  - 4.1 Tender Planning .....6
  - 4.2 Tender Drafting .....6
  - 4.3 Tender Advertisement .....6
  - 4.4 Tender Assessment .....6
  - 4.5 Tender Award.....7
  - 4.6 Contract management.....7
- 5. Reporting .....7
- 6. Compliance and Audit.....8
- 7. Review and Revision of the WAIPS and the Western Australian  
Jobs Act 2017 .....8
- 8. Assistance .....8
- 9. Governance .....8
- 10. Trade Agreements and Section 92 of the Australian Constitution.....9
- 11. Feedback .....9
- 12. Contact Information.....9

## Message from the Premier

Since coming into Government in March 2017, I have made it clear that creating jobs for Western Australians is my number one priority.

One of the first things we did upon coming to office was to introduce the Western Australian Jobs Bill into the State Parliament. The Bill was subsequently passed by both Houses with the *Western Australian Jobs Act 2017* (Jobs Act) proclaimed on 13 December 2017.

The Jobs Act sets out the Government's expectation that opportunities for Western Australian businesses and workers are maximised when it comes to delivering government goods and services.

The Western Australian Industry Participation Strategy (WAIPS) is a key component of the Jobs Act, guiding the implementation of this new approach.

The WAIPS will raise awareness of local industry capability and provide information on supply opportunities to local businesses. It will promote increased apprenticeships, traineeships and job opportunities in Western Australia.

As part of WAIPS, prospective suppliers of government contracts will now be required to submit participation plans as part of their tender. The successful bidder/s will then have their plans incorporated into the contract together with a reporting obligation.

We have begun rolling out pilot projects under the new system with WAIPS to be fully implemented in September 2018.

I am proud to lead a Government that is working hard to secure more work for Western Australians.

Mark McGowan  
PREMIER

April 2018

## 1. Overview

The Western Australia Industry Participation Strategy (WAIPS) represents a new era in State Government purchasing for both agencies and industry. The WAIPS is being introduced to give effect to the objectives contained within the *Western Australian Jobs Act 2017* (Jobs Act), an Act that aims to maximise opportunities for local businesses to supply to the State Government market. The Minister for Jobs is responsible for developing and implementing the WAIPS. The objectives of the WAIPS are:

- Promoting the diversification and growth of the Western Australian economy by targeting supply opportunities for local industry.
- Providing suppliers of goods or services with increased access to, and raised awareness of, local industry capability.
- Encouraging Government and local industry to adopt, where appropriate, world's best practice in promoting innovation through the development of new products and processes.
- Promoting increased apprenticeship, training and job opportunities in Western Australia.
- Promoting increased opportunities for local industry to develop import replacement capacity by giving local industry, in particular small or medium enterprises, a full, fair and reasonable opportunity to compete against foreign suppliers of goods or services.

The primary economic focus of the WAIPS is small and medium sized enterprises (SMEs), which make up 97% of businesses in Western Australia.

The Western Australian Government's aim is to promote a positive relationship between purchasing decisions and economic and social benefits such as job creation, training and apprenticeships outcomes. This will be achieved through State agencies providing local industry with maximum access to opportunities, together with transparency and accountability in the tendering and contract award process. The requirement for participation plans as part of a prospective supplier's offer to supply is an important element in achieving these goals.

Participation plans will become part of the evaluation, award and contracting process. Plans will outline the commitment of prospective suppliers to local involvement.

Assistance to both State agencies and businesses in implementing WAIPS will be through the Department of Jobs, Tourism, Science and Innovation's (JTSI) Industry Link Advisory Service (ILAS) and the Department of Primary Industries and Regional Development's regionally based Local Content Advisers.

## 2. Coverage

The Jobs Act places enhanced industry participation responsibilities on Western Australian Government Departments, Agencies, Statutory Authorities and Government Trading Entities. For the purposes of this WAIPS, the term "Agency" is used to encompass all these entities.

The WAIPS is produced as a requirement of the Jobs Act and is applicable to a range of procurements (goods, services, housing, works and community services) above designated values (see next section). These are known as “WAIPS supplies”. Total annual spend on these items is estimated at \$27 billion.

The WAIPS does not apply to universities, local government procurement or grants.

### 3. Key Components of the WAIPS

#### 3.1 Procurement Related Principles and Policies

The WAIPS has been developed based on the principles and objectives of the Jobs Act. Therefore, all activities undertaken under the WAIPS must take into account and be consistent with:

- value-for-money as the primary consideration when making procurement decisions;
- probity and accountability in procurement processes and decisions; and
- State Supply Commission (SSC) supply policies.

#### 3.2 Participation Plans

Dependent on the value of a WAIPS supply, prospective suppliers will be required to prepare either a core (less detailed) or full (more detailed) participation plan. A participation plan is a written statement that outlines the commitments of a prospective supplier to the participation by local industry, in particular small and medium sized enterprises, in supplying under the WAIPS. A key aspect is the concept of full, fair and reasonable opportunity for local industry.

Thresholds for participation plans are as follows. These values are for the total life of the contract including GST.

Form of Procurement (WAIPS Supply)	Core Participation Plan	Full Participation Plan
Goods and services – metropolitan and regional contracts	\$1 million - \$5 million (metro) \$500,000 - \$5 million (regional)	Above \$5 million
Housing and works - regional contracts	\$500,000 - \$5 million	Above \$5 million
Housing and works - metropolitan contracts	\$3 million - \$10 million	Above \$10 million

Plans will be weighted at either 10% or 20% of the qualitative evaluation for both the core and full participation plans based on the issuing agency’s judgement.

### **3.3 Strategic Projects**

Projects with a contract value of \$25 million or more that the Minister for Jobs considers of strategic significance to the Western Australian economy may be declared a strategic project. A participation plan with additional local commitments will be required for strategic projects.

An upward variation of the qualitative criterion weighting may be prescribed by the Minister for Jobs for strategic projects.

### **3.4 Exemption**

The Jobs Act allows for exemption from the requirement to seek a participation plan and associated obligations when procuring a WAIPS supply. These may be standing exemptions or be granted by the Minister for Jobs on a case by case basis.

An exemption should be sought in instances when a contract is judged as likely to have minimal economic outcomes. Where a participation plan may be deemed unnecessary, reporting on employment and training outcomes at contract conclusion may still be requested.

### **3.5 Regional Procurement**

For the purposes of the WAIPS, the regions of Western Australia are those defined under the Regional Development Commissions Act 1993.

Agency procurements for regional requirements, wherever they are purchased from, should give consideration to regional economic impact. This will include ensuring that regional industry is given full, fair and reasonable opportunity to participate in contracting and supply arrangements. For contracts to be called or 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 Advisers operating in each region, encouragement of delegated authorities pursuing increased regional Agency spend; modifications to buying rules for Common Use Arrangements and state-wide contracts to allow regional panels; and application of a modified regional price preference which simplifies its application and gives greater scrutiny to bid validity.

### **3.6 Value for Money**

The Jobs Act establishes value for money as a primary consideration when making procurement decisions. Value for money includes both financial and non-financial costs and benefits and must be considered in achieving outcomes for the State.

The application of the value for money approach should support local sourcing when whole of life cost and risk management are considered.

## **4. Implementing the WAIPS across the Procurement Cycle**

To assist government Agencies and potential suppliers to understand requirements under the WAIPS within the procurement cycle, an overview of the steps entailed are shown below:

### **4.1 Tender Planning**

- Agency procurement plan developed and approved by the Agency's delegated authority.
- Agency places future tender on early tender advice on website, as appropriate.
- Agency determines whether the offer to supply meets the core or full participation plan requirement, or may be classified as a strategic project. ILAS to be advised.

### **4.2 Tender Drafting**

- Agency drafts tender request on appropriate template.
- Agency ensures principles of openness, equity, transparency and value-for-money are incorporated.
- Agency includes core or full participation plan requirement with either 10% or 20% weighting or strategic project clause, as appropriate.
- Agency uses Australian standards, as appropriate, in specifications.
- Agency advises prospective tenderers that ILAS and/or Local Content Advisers can assist in identifying local SMEs for inclusion in offer to supply.
- Agency includes tender clauses on WAIPS requirements. Model tender clauses have been developed and are available from ILAS or can be found on the Industry Link Portal.

### **4.3 Tender Advertisement**

- Agency advertises tender following full, fair and reasonable principles.
- Specific enquiries from potential suppliers require Agency response.
- Agency undertakes briefings as appropriate, in conjunction with the ILAS and Local Content Advisers if required.

### **4.4 Tender Assessment**

- Agency assesses offers to supply for conformance.
- Agency assesses offers to supply against qualitative criteria.
- Agency seeks ILAS input on participation plan as required.
- Agency employs value for money methodology to measure price against qualitative criteria.
- Price scrutinised for sustainability.

- Any clarification sought and preferred respondent identified.
- Agency evaluation report prepared.
- Due diligence on contract conducted as necessary by Agency.
- Negotiations conducted if necessary.

#### **4.5 Tender Award**

- Agency delegated authority signs off on decision.
- Contract finalised including participation plan commitments and reporting requirements. Model contract clauses are available from ILAS or can be found on the Industry Link Portal.
- Copy of winning bidders participation plan provided to ILAS by Agency.
- Post tender briefings to unsuccessful bidders provided by Agency on request.
- Summary of successful tenderer's participation plan placed on Industry Link Portal by ILAS, cognisant of commercial-in-confidence issues as appropriate.

#### **4.6 Contract management**

- Contract management plan prepared by Agency.
- Regular reports provided to procuring Agency on implementation of participation plan.
- Reports provided by Agency to the Minister for Jobs, via JTSI, upon request.

### **5. Reporting**

Agencies are required to ensure contracts contain an obligation for the successful supplier to report on the implementation of the participation plan. Agencies are also required to report, via ILAS, through to the Minister responsible for the Jobs Act on outcomes under the WAIPS upon request.

Reporting will focus on actual outcomes realised compared to those proposed in a participation plan. Reports will be provided to the procuring Agency at a frequency determined by contract duration. The reports will be a key indicator of the success of the WAIPS and will be presented, in aggregate, by the Minister for Jobs to Parliament.

Commercial in confidence aspects of reports will be considered by Agencies and the Minister for Jobs in relation to public disclosure of information.

Another aspect of reporting will be the gathering of information on supply chain capability gaps. This will be achieved through the ILAS and Local Content Advisers making direct contact with Agencies and suppliers.

## **6. Compliance and Audit**

Adherence to the WAIPS will be monitored by ILAS. Audits may be carried out at the request of the Minister for Jobs by an independent auditor to confirm that an Agency implemented the WAIPS appropriately and that the successful supplier met its local participation obligations.

## **7. Review and Revision of the WAIPS and the Western Australian Jobs Act 2017**

The Western Australian Government is committed to ensuring the WAIPS is straightforward to understand and implement. The WAIPS will be updated when required in accordance with Section 5(3) of the Jobs Act. Implementation working groups for both suppliers and Agencies will be established and will contribute to this process.

A review of the operation and effectiveness of the Jobs Act must be carried out by the Minister for Jobs before the fifth anniversary of its commencement.

## **8. Assistance**

ILAS and/or Local Content Advisers are able to provide assistance in the following areas:

- Advice and support to prospective suppliers in addressing participation plan requirements.
- Enhance the understanding of local SMEs on how to sell to Government either directly or as sub-contractors.
- Advise Agencies on meeting WAIPS obligations and on assessment of participation plans as required.
- Model tender and contract clauses.
- Introduction and maintenance of the Industry Link Portal providing information on WAIPS, forthcoming supply opportunities and a range of issues around supplying to the government market.
- Promoting various assistance programs aimed at enhancing the capability of small and medium sized enterprises as suppliers to the government market.

## **9. Governance**

The Minister for Jobs is the responsible Minister for the Jobs Act and the WAIPS. The lead Agency is the Department of Jobs, Tourism, Science and Innovation.

## **10. Trade Agreements and Section 92 of the Australian Constitution**

The Western Australian Government has obligations under the relevant Government Procurement chapters within a number of bilateral Trade Agreements, the Australia and New Zealand Government Procurement Agreement and the Constitution. The WAIPS meets these obligations in its implementation.

Advice on Section 92 conformity has been received from the Solicitor General. The WAIPS approach to trade agreements mirrors that of other States and Territories in exercising the exception based on support for SMEs.

## **11. Feedback**

The Western Australian Government is committed to ongoing consultation on the WAIPS and welcomes feedback. Please provide this using the contact information below.

## **12. Contact Information**

Email: [industrylink@jtsi.wa.gov.au](mailto:industrylink@jtsi.wa.gov.au)

Phone: 08 9222 0555 (ask for an Industry Link team member)

Postal Address: Level 6, 1 Adelaide Terrace EAST PERTH WA 6004