



Guidelines on Engaging Australian Disability Enterprises

Policy Statement

People with disabilities experience a range of restrictions in daily living and when participating in family, community, recreational and work activities that significantly impact on their quality of life. For these people, having a job provides more than a wage – it is a doorway to engagement in community life, enhanced feelings of self-worth and the promotion of citizenship.

In recognition of these benefits and the potential for government procurement to improve the employment prospects of people with disabilities, public authorities may engage with Australian Disability Enterprises¹ (ADEs) directly, without undertaking a competitive process.

Purchasing from an ADE

Where there is an opportunity to procure from a business that primarily exists to provide the services of persons with a disability and that business is a registered ADE; then a public authority may procure directly from the ADE without complying with the minimum requirements of the Open and Effective Competition policy.

There is no requirement to request advice or approval from the Department of Finance, regardless of value, when using this exemption from the minimum requirements of the Open and Effective Competition policy and the use of mandatory Common Use Arrangements.

Notwithstanding the above, partially exempt public authorities are still required to involve the Department of Finance in the formation of a contract for procurements of \$250,000² and above as per their partial exemption terms and conditions.

What is an ADE?

ADEs are commercial businesses that provide employment opportunities for people with moderate to severe disability. They receive funding and support from the federal government in recognition of their additional operating costs and provide services across a wide range of categories, including packaging, recycling, gardening and cleaning.

All ADE services are required to meet National Disability Services Standards and are independently audited and certified. For a complete list of ADEs and the services they provide, please visit www.buyability.org.au/directory.

¹ ADEs are commercial businesses that employ people with disability. A complete list of approved ADEs is available from the Australian Disability Enterprises website [URL: www.buyability.org.au/directory].

² Where a public authority's partial exemption is accredited to a higher value this is the value required for the involvement of the Department of Finance.

What are the key supply policy requirements when engaging an ADE?

The State Supply Commission's Open and Effective Competition policy prescribes the minimum requirements for a procurement method that a public authority must follow, when expending government funds.

While this is an exemption from the minimum competitive requirements of the policy, public authorities wishing to rely on this exemption must ensure that:

- the Accountable Authority or delegate approves the exemption in writing;
- justification for the exemption is documented on file;
- it meets the needs of the public authority;
- the supplier is a registered ADE;
- the procurement represents value for money³;
- a written contract is established for procurements \$50,000 and above; and
- contract award details are published on Tenders WA identifying that an ADE was awarded the contract for procurements with a value of \$50,000 or above.

How can a public authority ensure value for money when engaging an ADE?

A public authority must ensure that there is a *bona fide* need for the good and/or service provided by an ADE and that the good and/or service can be provided at a reasonable price – considering both cost and non-cost factors.

Where a good and/or service is required to replace an expiring contract with a company that is not an ADE, then the prices paid for the goods and/or services under the expiring contract may be benchmarked against the price offered by the ADE. This will help ensure price parity, although public authorities must also ensure that the ADE is able to meet their needs.

Where a good and/or service is required and there is not an expiring contract in place, public authorities must undertake sufficient market research to ensure that the ADE is able to meet their needs and provide the good and/or services at a reasonable price.

In summary, to assess the ADE's suitability a public authority must determine whether the provider:

- meets the needs of the public authority;
- will provide the good and/or service to an acceptable standard;
- exists to provide the services of persons with a disability;
- is registered as an ADE; and
- represents value for money.

³ Value for money takes into account cost and non-cost factors and requires agencies to actively support whole of government initiatives. Non-cost factors may include social outcomes.

Does a formal contract need to be executed with the ADE?

Yes, the public authority must establish a written contract with the ADE for purchases valued at \$50,000 and above⁴.

At a minimum, a public authority must develop and issue a quote or request document to the ADE, receive a formal offer from the ADE and following an evaluation of the offer, execute a formal contract document. The Department of Finance has templates in place to assist in contract formation. If you have any questions on forming a contract please contact the Social Procurement Initiatives Manager (phone: 08 6551 2475, email: spi@finance.wa.gov.au).

More information

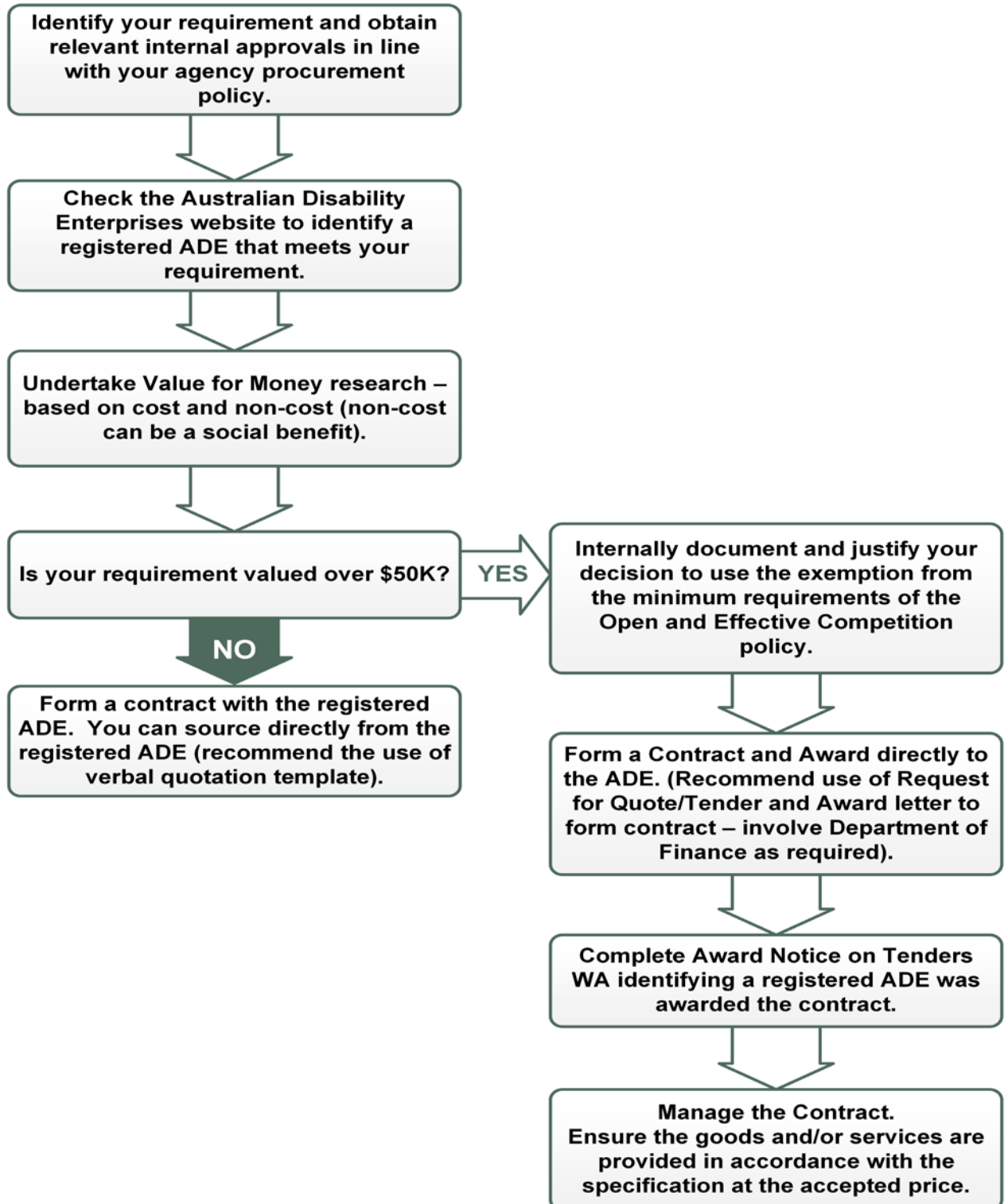
For more information on the supply policy requirements for engaging ADEs, please contact Government Procurement's Procurement Policy and Governance branch on 08 6551 1335 or at procurementpractice@finance.wa.gov.au.

⁴ The Department of Finance is to be involved in establishing contracts valued at \$250,000 and above or where a public authority is accredited to a higher value, that value. The involvement is to be as per the terms and conditions of the public authority's partial exemption.

Attachment 1 - How do I buy from an ADE?

Firstly, investigate if there are opportunities for ADEs to supply goods and services to your agency. Don't be afraid to think outside the square. ADEs are always looking to expand into new business areas.

The flowchart below shows the steps to take when buying from an ADE.



The flowchart explained

Identify your requirement

Identify your goods and services requirements early and clearly specify what you need. Check that your agency doesn't already have a contract in place for the goods and/or services you require.

Australian Disability Enterprises website

The website provides a complete list of the approved ADEs and the services they provide. Contact details are provided so you can discuss your requirements with potential ADEs.

The ADE you choose to contract with must be registered on the website in order to comply with the Open and Effective Competition policy.

Form a contract

You will need to form a contract with the ADE. Before you do so, make sure it has the capacity and capability to meet your needs.

If the estimated cost of your purchase is up to \$50,000, you can source directly from an ADE, as long as you follow your agency's internal procurement requirements.

If the estimated cost is \$50,000 and above, internally document and justify the use of the exemption from the minimum requirements of the Open and Effective Competition policy before forming a contract. The Department of Finance has an exemption template available if you wish to use it to document your exemption internally.

Where the estimated cost is \$50,000 and above you are required to form a written contract⁵, Department of Finance has templates to assist in contract formation and vary depending on contract value:

- Verbal Quotation or Request for Quote – up to \$50,000
- Request for Quote – \$50,000 up to \$250,000
- Request for Tender – \$250,000 and above
- Evaluation Report
- Award Letter.

These templates can be found on the Department of Finance's Procurement Guidelines and Templates web page.

In the process, make sure to check your agency's internal procurement guidelines.

Once you receive the offer, evaluate it. Take into account value for money of cost and non-cost factors, including social outcomes.

Complete an evaluation report and recommendation, and have it approved by the Accountable Authority or delegate within your agency.

You are now ready to award the contract to the registered ADE.

⁵ The Department of Finance is to be involved in establishing contracts valued at \$250,000 and above or where a public authority is accredited to a higher value, that value. The involvement is to be as per the terms and conditions of the public authority's partial exemption.

Contract Management

It is the responsibility of the public authority to manage the contract. This should include ensuring that the goods and/or services are provided in accordance with the specification at the accepted price.

Where contract variations occur that affect the original contract value please contact the Social Procurement Initiatives Manager or GP's Agency Procurement Services representative to discuss obligations regarding contract variations.

Exemptions from Open and Effective Competition Policy (for purchases \$50,000 and above)

There is no requirement to request advice or approval from the Department of Finance, regardless of value, when using this exemption from the minimum requirements of the Open and Effective Competition Policy and the use of mandatory Common Use Arrangements to purchase directly from an ADE.

To exercise the exemption from the minimum requirements of the Open and Effective Competition policy:

1. Internally document and justify the use of an ADE;
2. Obtain approval from the Accountable Authority or delegate within your agency; and
3. Once granted, record and document justification and approval on file and add the exemption to your agency's exemption register.

Other State Supply Commission Policy Requirements

Where it is envisaged that the estimated contract value will be \$5 million or above and/or a contract term in excess of five (5) years is required then contact the Social Procurement Initiatives Manager for advice in regards to the other obligations required to be undertaken in these circumstances.

Contact Government Procurement

Are you thinking of using an ADE for your needs? Find out how on www.finance.wa.gov.au – go to Government Procurement, Australian Disability Enterprises.

For more information contact Government Procurement's Social Procurement Initiatives Manager:

T: 08 6551 2475

E: spi@finance.wa.gov.au