



BUY LOCAL POLICY

*A Western Australian Government commitment
to supporting local businesses*

Buy Local Policy

VISION

Local businesses employing local people, creating new skills and generating economic growth in servicing the Western Australian Government's requirements.

A Western Australian Government policy administered by the State Supply Commission.

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The Minister for Works and Services acknowledges the valuable contribution made by the State Supply Commission, regional communities, industry associations, Chambers of Commerce and Industry and many government public authorities including Regional Development Commissions and the Department of Commerce and Trade and Contract and Management Services in the development of the policy.

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FOREWORD



Hon Tom Stephens MLC

The Buy Local Policy implemented from November 1, 2000 aims to support local businesses in Western Australia through government buying.

To ensure that businesses continue to grow in regional areas, the Western Australian Labor Government intends to maintain and strengthen the existing regional purchasing and regional content preferences.

Our Government has given a commitment to undertake a detailed review once the Buy Local Policy has been operational for 12 months and publish the findings of the review.

I recommend to all Western Australian businesses that you become familiar with this policy and its application. A cooperative partnership between business and State Government Chief Executive Officers will underpin the effectiveness of Buy Local and deliver positive benefits to local communities and businesses throughout Western Australia.

I look forward to receiving your suggestions for improving this important policy.

A handwritten signature in black ink that reads "Tom Stephens". The signature is written in a cursive style.

**HON TOM STEPHENS MLC
MINISTER FOR HOUSING; WORKS AND SERVICES;
KIMBERLEY, PILBARA AND GASCOYNE**

INTRODUCTION

The *Buy Local* policy is an initiative aimed at recognising the contribution of local businesses in building a stronger Western Australian economy. The policy confirms the Western Australian Government's commitment to buying local, and aims to maximise local content in goods, services and works purchased or contracted by public authorities.

Buy Local delivers on the Government's commitment to a national management approach for delivering opportunities for small businesses in Government procurement and contracting (as endorsed by the Australian Procurement and Construction Ministerial Council).

In particular, by proactively researching opportunities for innovative contracting solutions with small and local businesses, the Government can deliver a competitive economic environment.

Buy Local complements Contract and Management Services' initiative "*Making Contracting a Winner for Small and Medium Enterprise*", and reflects the intent of the Western Australian Government's *Regional Development Policy for Western Australia*.

The policy operates within the State and Federal Government Policies and Agreements framework including the *Australian and New Zealand Government Procurement Agreement (ANZGPA)* and *National Competition Policy*.

The policy is based upon the underlying concept of value for money; whereby the consideration of the contract's whole-of-life costs and other social or economic benefits must outweigh the simple one-off purchase price view, or purchasing at the lowest cost. Buying locally, even with preferences

applied, can still reduce contract whole-of-life costs for Government.

The *Buy Local* policy incorporates Government initiatives designed to promote competitive local business participation through:

- Planning and good practice measures in the design of quotation and tender documentation and contract management plans.
- Bid evaluation based on achieving value for money.
- Managing/monitoring private sector providers.
- Preference measures for regional purchasing and Australian and New Zealand content against imported content.

The policy covers all State Government purchasing of goods, services and works, including construction, housing and public buildings.

The policy applies to all State Government public authorities, including government departments, agencies and government trading enterprises unless specifically exempted by State Cabinet.

Key benefits

Government Agencies

- *Recognition of Western Australian industry and regional development.*
- *Purchasing decisions based on best value for money considerations.*
- *Fostering competition by giving full, fair and reasonable opportunity to local businesses.*

Local Businesses

- *Increase in local contracting opportunities.*
- *Consistency of application by public authorities and private sector providers to Government.*
- *Application of preferences in all quotation and tender evaluations.*

BUY LOCAL

VISION

Local businesses employing local people, creating new skills and generating economic growth in servicing the Western Australian Government's requirements.

POLICY

Public authorities shall seek to maximise the use of competitive local businesses in goods, services and works purchased or contracted on behalf of Government.

➤ **Planning and Practice**

Public authorities shall explore the capacity of local businesses to meet supply requirements. Benefits from purchasing locally are to be recognised in assessment of value for money.

➤ **Government Preferences**

Purchasing decisions shall be undertaken in accordance with specific initiatives of the Government that give preferential consideration to local businesses.

➤ **Private Sector Providers**

Private sector providers delivering service outcomes on behalf of Government are required to maximise local business opportunities.

PLANNING & PRACTICE

“Public authorities shall explore the capability of local businesses to meet supply requirements. Benefits from local business purchasing are to be recognised in assessments of value for money.”

Public authorities shall implement purchasing procedures which demonstrate that local businesses are given the opportunity to meet the supply requirements of Government.

Measures

Public authorities shall:

- Provide adequate notice of major supply opportunities (public tenders of \$50,000 or more) to enable local businesses to develop competitive bids, either as direct contractors, through consortiums or subcontracting arrangements, and to meet any pre-qualification requirements. Where circumstances allow, a similar approach for contracts below \$50,000 is also appropriate.
- Ensure that buying practices, procedures and specifications do not disadvantage local businesses.
- Structure quotations and tenders in a way that encourages local businesses to bid.
- Follow key steps in the State Supply Commission's contract process guidelines to identify local business alignment opportunities.
- Explore the capability of local businesses to meet requirements, and utilise the resources of Department of Commerce & Trade, Contract and Management Services, Small Business Development Corporation, Business Enterprise Centres, Regional Development Commissions, industry associations and the

Industrial Supplies Office of WA (ISOWA), as appropriate.

CEO Discretion

When considering the outcome of applying regional purchasing preferences during the bid evaluation process, CEOs have the discretion to increase the capping of the preference (eg. the maximum value of \$50,000) on an individual contract transaction to provide support for a local regional business, where it can be demonstrated that awarding the contract to a local regional business will provide a measurable economic benefit.

This discretion only applies to goods and services or works contracts and the potential for this to occur should be referred to in all tender documentation.

For further advice, CEOs should contact the State Supply Commission.

Social and Economic Implications

Where it has been determined that there is local capability available to undertake specific contracts, public authorities must consider the benefits of doing business with local businesses.

By aligning themselves with Western Australian local businesses, public authorities are making a direct contribution to the economic growth of Western Australia. The course of action taken by public authorities when purchasing will

substantially impact on the commercial viability of Western Australian businesses. Furthermore, this will enhance the development of these businesses and determine the success of their ability to compete locally and in the global marketplace.

Economic Multiplier Effect (manufacturing)

Research undertaken by ISONET [<http://www.iso.net.au/source.htm>] has shown that for every \$1 million of successful new or retained manufacturing business, the following effects flow on to the economy:

- \$280,000 in taxes and charges goes to Government;
- \$255,000 in direct consumer expenditure is guaranteed;
- \$231,000 in welfare benefits are saved; and
- 30 jobs are created.

Aboriginal Economic Development

One of the key objectives in the State Government's Aboriginal Economic Development Strategy is to achieve a sustained increase in the level of supply of services to Government by enterprises that employ, or are owned and operated by Aboriginal residents of Western Australia.

Any increased access to services contracts by Aboriginal owned and operated enterprises or by enterprises with a strategy for employing Aboriginal people provides increased employment and economic opportunities for Aboriginal Western Australians.

It is therefore important for public authorities to encourage bids from and give some priority to tenderers who are Aboriginal (solely or in partnership) or have in place or are prepared to

consider implementing employment strategies and programs for Aboriginal people. This is especially important in cases where Aboriginal people will be the principal end user of goods and services to be purchased, particularly if such contracts provide for or anticipate maintenance work to be carried out in situ.

For advice and assistance on Aboriginal employment strategies, contact the Western Australian Department of Training and Employment.

For advice and information on Aboriginal business development contact the Department of Commerce and Trade. (Refer to *Attachment F* for contact details).

Value for Money Considerations

Public authorities shall adopt a value for money approach when acquiring goods, services and works (including housing). This does not necessarily mean selecting the lowest price. It involves a range of considerations that need to be addressed when developing the selection criteria for quotation and tender documentation.

Purchasing decisions should always be assessed on a value for money basis, giving full consideration to:

- contract/project whole-of-life costs;
- supplier capability;
- the advantages of dealing with local Australian and New Zealand businesses; and
- the benefits of maintaining an ongoing, innovative and competitive local business environment.

In assessing value for money, it is important to consider the benefits of dealing with businesses whose principal place of conducting business is in Western Australia. The value added benefits of

those businesses who manufacture or assemble products in this State, as distinct from simple distribution, should also be considered. Overall, the value for money assessment must deliver quality outcomes at competitive prices, whilst recognising the impact of procurement decisions on Australian industry and economic development.

Value for Money Selection Criteria

Public authorities should utilise selection criteria and appropriate weightings to address value for money considerations. In doing so, specific consideration should be given to local industry and economic development. Refer to *Attachment A* for suggested criteria on contract/project whole-of-life costing and local business capability.

Contract Process Checklist

Also at *Attachment A* is a checklist to provide local business alignment in the contracting process.

From planning to possible renewal of a contract, special consideration should be provided to competitive local businesses.

GOVERNMENT PREFERENCES

“Purchasing decisions shall be undertaken in accordance with specific initiatives of the Government that give preferential consideration to local businesses.”

The Western Australian Government provides a range of price preferences aimed at generating employment and industry and economic development within Australia and New Zealand. These preferences provide incentives to local regional Western Australian businesses and Australian and New Zealand businesses.

When to Apply Preferences

Preferences are only considered following evaluation of bids for compliance with other evaluation criteria (eg. conformance to technical specifications, business capability etc.)

Stage 1 – Compliance Check

Reject non-compliant bids

Stage 2 – Qualitative Evaluation

Rank and shortlist bids

Stage 3 – Consider Eligibility

Apply price preferences to all shortlisted bids.

Stage 4 – Make Value for Money Decision.

Select Preferred Supplier

When competition is against conforming bids from businesses located in other states of Australia or New Zealand, the regional business preference and the regional content preference cannot be applied. The reason for this is that the Western Australian Government is signatory to the Australian and New Zealand Government

Procurement Agreement (ANZGPA). All parties to the ANZGPA have agreed not to discriminate, in the form of preference arrangements, against bids from other States or Territories in Australia or New Zealand. (Refer to Attachment E, Glossary of Terms).

Opportunities to compete for government business on the basis of value for money should be maximised, and purchasing practices which are biased towards imported goods or services should be avoided.

Quotation and Tender Provisions

To encourage maximum participation by local businesses, public authorities are required to incorporate provisions within quotation and tender documentation that specifically accommodate claims for price preference by local businesses. The onus is on public authorities to ensure that full consideration for local business participation has been undertaken. Refer to *Attachment B* for details of the preference questionnaire that must be included in all quotation and tender documentation.

CEOs must ensure that contracts are adequately monitored and managed to ensure that businesses deliver their contractual commitments to *Buy Local*.

Appropriate provisions for breach of contract (failure to meet buying local commitments and obligations) must be clearly defined in quotation

and tender documentation and agreed as part of the special conditions of contract.

For example, when a business has won a regional contract based on the application of the regional content preference, inclusion of the following condition of contract may be appropriate:

The Contractor warrants that the level of regional business content nominated in its tender will be met in full. Failure to achieve this level of regional participation will render the Contractor liable for damages of up to the value of the price preference provided, at the sole discretion of the principal.

Claiming Regional Preferences

To receive any regional preferences and to ensure preferences are applied correctly where appropriate, local Western Australian businesses must complete the requisite preference questionnaire contained within each quotation or tender documentation. (Refer to *Attachment B*).

Regional businesses must clearly state their full business location and postal address. The regional business preference is only available to regional businesses who bid and manage/deliver the majority of the contract outcomes from their regional business location (Refer *Attachment E*, for the definition of local/regional business).

Local businesses who claim that they will use regional businesses (regional content) in the delivery of the contract outcomes may be required, as part of the contract conditions, to demonstrate that they have actually used them, or where agreed, alternative regional businesses located within the contract prescribed distance.

All businesses are required to complete the imported content section of the requisite preference questionnaire contained within the

quotation or tender documentation when applicable.

Examples on how the preferences are applied can be found in *Attachment C*.

Preference Types

The following preferences are in place to support local Australian and New Zealand businesses.

Imported Content Preference

This policy provides a 10% price preference for Australian and New Zealand content when in competition with overseas imports of goods and related services.

When comparing compliant bids, public authorities shall grant a 10% preference applied as a 10% impost on the non Australian and New Zealand value of the tendered price (imported content).

This preference is not to be applied in the case of services purchased separately or in isolation.

Regional Purchasing Preferences

Support for regional purchasing is achieved by providing a regional business preference to businesses located in regional Western Australia when competition is against businesses located in the Perth metropolitan area, or other Western Australian regional businesses which are located outside the prescribed distance from the contract delivery point.

Support is also provided through a regional content preference to Western Australian businesses located outside the prescribed distance, which purchase goods, materials or services for use in regional contracts from regional businesses located within the prescribed distance.

Regional Preference Zones

Regional business and content preferences operate within a framework of prescribed distances within three Zones covering Western Australia. The Zone boundaries follow those identified in the Regional Development Commissions Act 1993 as amended and are located at *Attachment D*.

Regional preferences only apply to contracts based outside the Perth metropolitan area (Zone 1).

Prescribed Distances

The prescribed distances are established from the contract point of delivery, provision of the service or construction activity, and are as follows:

Zone 1 – Perth Metropolitan Area

Regional business preferences do not apply to businesses located within the Perth metropolitan area, even when they are within either the zone 2 or 3 prescribed distance from a regional contract delivery point. - (refer to Map - Attachment D).

Zone 2 – Prescribed Distance 200km

In country areas from Jurien to Bremer Bay – Zone 2 (refer to Map - Attachment D), regional preferences apply to businesses located within 200 km of the point of delivery, the provision of the service or construction activity.

Zone 3 – Prescribed Distance 400km

In Zone 3 (refer to Map - Attachment D), regional preferences apply to businesses located within 400km of the point of delivery, the provision of the service or construction activity.

Where necessary, public authorities may extend the Zone 3, 400km prescribed distance to incorporate the next nearest town, where this

would not otherwise be included, or to accommodate road and highway maintenance or construction contracts which may extend over long distances with multiple contract delivery points.

Regional Business Preferences

To be considered for a regional business preference, the bid must be submitted and the ongoing contract managed out of the business's regional office. The regional business preference is only available to regional businesses that bid and manage/deliver the majority of the contract outcomes from their regional business location (Refer *Attachment E*, for the definition of local/regional business).

When undertaking purchases of goods, services or works (including housing projects) for delivery to a regional area in Western Australia, public authorities shall apply price preferences to bids from local regional Western Australian businesses in accordance with the following:

- ⇒ In comparing compliant bids received from regional businesses located within the prescribed distance from the contract delivery point with bids from businesses located outside the prescribed distance (including the Perth metropolitan region), the price of the bids from the regional businesses shall be reduced, for evaluation purposes only, by the following amounts:

Goods and Services

- ⇒ 10% of the total bid value to a maximum of \$50,000 for goods and services not related to works.

Works

- ⇒ 5% of the total bid value to a maximum of \$50,000 for works (including housing projects) plus, an additional

⇒ 5% of the value of the portion of the bid that represents regional content (ie goods, materials or services which will be purchased and used from businesses which are also located within the prescribed distance) calculated to a maximum of \$50,000 for works (including housing projects).

Competitive Tendering & Contracting (CTC)

⇒ Where the tender is part of a CTC process, 10% calculated to a maximum of \$500,000 for regularly recurring services being outsourced to a private sector provider by a public authority or GTE for the first time (for subsequent letting of contracts the standard goods and services and works preferences apply).

Regional Content Preference

A regional content preference is available to local Western Australian businesses located outside the prescribed distance (including businesses located in the Perth Metropolitan area), which use goods, materials or services in regional contracts that are purchased from businesses located within the prescribed distance.

The preference applies to the value of the goods, materials or services purchased and used, and is referred to as regional content.

Travel and accommodation costs associated with sending people from outside the contract prescribed distance to work on a regional contract are not considered regional content and are not eligible for the regional content preference.

The preference percentages available are:

⇒ 10% calculated to a maximum of \$50,000 for goods and services not related to works

⇒ 5% calculated to a maximum of \$50,000 for works (including housing projects)

⇒ Where the tender is part of a CTC process, 10% calculated to a maximum of \$500,000 for regularly recurring services being outsourced to a private sector provider by a public authority or GTE for the first time (for subsequent letting of contracts the standard goods and services and works preferences apply)

The regional content preference is also available to regional businesses when bidding on regional works contracts located within the prescribed distance. Refer to the section on *Regional Business Preferences*.

Countertrade

Countertrade is an umbrella term for a range of commercial mechanisms covering reciprocal trade. These are designed to deliver economic benefits to the importing country, such as the export of goods and services, technology transfer and inward investment.

A public authority or GTE intending to purchase goods, services or works where the imported content exceeds or is likely to exceed \$5 million in value shall invite potential suppliers to submit countertrade proposals to enhance their bids, and shall consider these proposals in the value for money assessment of bids.

To address this, public authorities should insert the following clause in their request for tender documentation:

“The Government of Western Australia has a countertrade policy which applies to contracts where the tendered price includes imported components with an estimated value in excess of AUD \$5 million. Tenderers are therefore invited to enhance their offers by indicating a willingness to enter into a countertrade agreement should their

offer be successful. Commitment to this will form a part of the overall tender evaluation."

The Department of Commerce and Trade must be consulted in the assessment of bids that involve countertrade issues.

For assistance on countertrade issues contact the Department of Commerce and Trade.

Anti-Dumping

A public authority or GTE shall not purchase goods that are determined as dumped by the Commonwealth Minister for Customs.

Goods offered at a price suspected of being below cost price might be dumped. In such cases, public authorities should consider seeking advice from the Commonwealth Minister for Customs about the possibility that the goods could be determined as dumped.

Anti-dumping measures are covered in Commonwealth legislation and as a minimum, government agencies must include tender clauses that address anti-dumping. The following clause should be inserted in all quotation and tender documentation for the purchase of goods:

"Dumped goods (ie goods from overseas that are imported into Australia at less than their normal value, causing or threatening to cause material injury to an Australian industry producing like goods, or materially hindering the establishment of such an industry) are not acceptable.

Where a tender involving the supply of goods from overseas has been accepted and the goods are subsequently determined by the Commonwealth Minister for Customs as dumped, the public authority or GTE shall terminate the contract. Any consequential costs or losses of the contractor shall be borne and paid for by the contractor. In addition, any extra costs incurred by the public

authority or GTE will constitute a debt recoverable from the contractor.

Where it is reasonably suspected that any goods subject to a contract constitute dumped goods, the contract shall be suspended to enable the suspicion to be confirmed or dismissed under the Commonwealth Customs legislation. Any costs or losses incurred by the authority as a result of any suspension under this clause shall be borne and paid for by the contractor."

In the event that any goods subject to a contract are determined under the Customs legislation to constitute dumped goods, the public authority or GTE shall:

- (a) give notice to the contractor to terminate the contract. Any extra costs incurred shall constitute a debt recoverable from the contractor;
- (b) require the contractor to pay any dumping duty imposed under the Customs Tariff (Anti-Dumping) Act, subject to the Commission agreeing that the goods can be accepted.

For more information on the issue of dumped goods contact the Department of Commerce and Trade.

Reverse Engineering

Reverse engineering is the local manufacture of spares and replacement parts for equipment sourced overseas and is intended to result in the stimulation of local industry by import replacement and cost savings to government.

Public authorities are encouraged to adopt the practice of reverse engineering where it can be implemented efficiently and effectively without infringing the intellectual property rights of any person or organisation.

Potential suppliers should be invite to submit reverse engineering proposals to enhance their bids. Proposals should be consider in the value for money assessment of bids.

For assistance on reverse engineering, contact the Department of Commerce and Trade.

Regional Purchasing Discretion

Public authorities in regional areas have authority to buy locally, up to the value of \$50,000 per line item, even when a mandatory whole of Government common-use contract exists. However, quotations need to be called and the purchase must represent value for money. This discretion does not apply where a local regional supplier is available under a relevant mandatory common-use contract.

Note: Public authorities must purchase within their partial exemption level issued by the State Supply Commission.

PRIVATE SECTOR PROVIDERS

“Private sector providers delivering service outcomes on behalf of Government are required to maximise local business opportunities.”

With the deregulation of publicly owned assets and the trend towards contracting-out services, the Government has shifted its focus from being an in-house service provider to a consumer of commercially based services. In these cases the private sector is required to participate with Government in maximising local content in goods, services and works supplied, or contracted on behalf of Government.

Public authorities, in selecting private sector providers to deliver *service outcomes on behalf of Government* shall align their selection processes to those contractors who will maximise local content in their bids.

This can be achieved by:

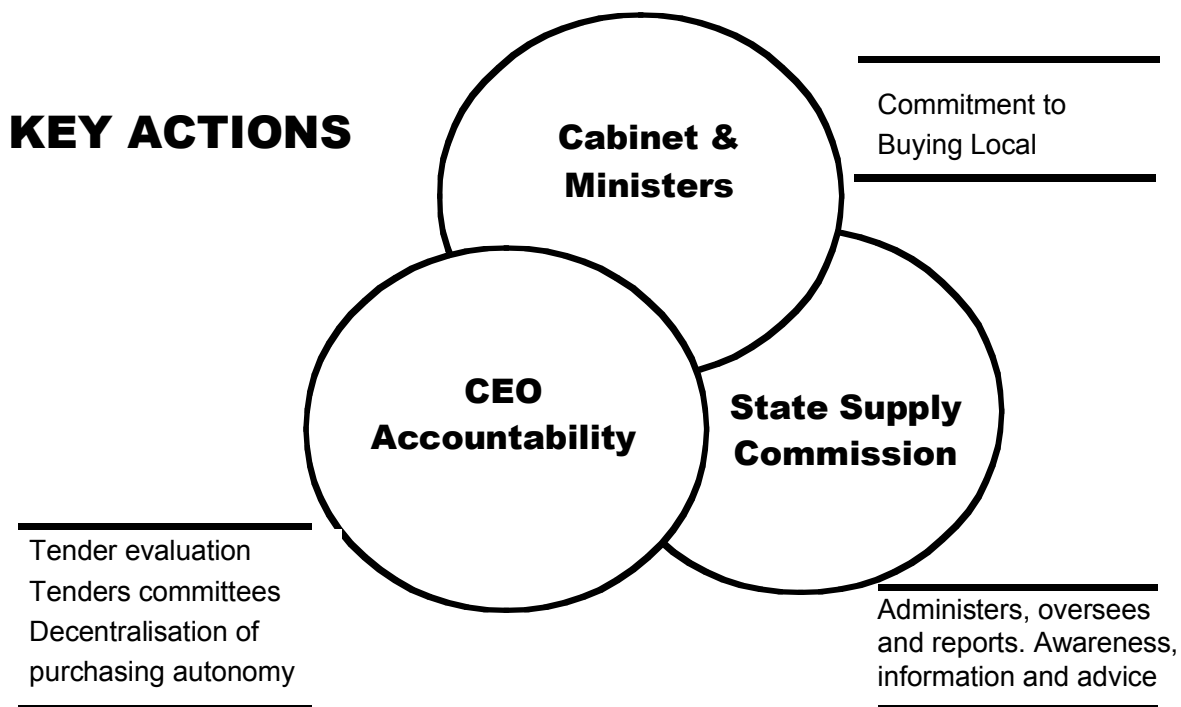
- Establishing a positive commitment to *Buy Local* in quotation and tender documents;
- Using selection criteria to measure the commitment to *Buy Local* by private sector providers;
- Including obligations in contracts to *Buy Local*, together with agreed performance indicators;
- Ensuring successful bids by private sector providers (prime contractors) demonstrate adequate commitment to engaging local businesses in the provision of services;
- Facilitating ongoing relationships to achieve *Buy Local* commitment;

- Ensuring transparency in quotation/tendering and contract management practices;
- Obtaining regular progress reports, by private sector providers, against stated outcomes;
- Actively monitoring and managing the ongoing requirement, commitments and obligations of third party providers to maximise local business participation;
- Ensuring that appropriate provisions for breach of contract are clearly defined and understood; and
- Optimising Aboriginal employment and business outcomes where appropriate.

The synergies between public authorities and local businesses will enable a successful outcome for the *Buy Local* government initiative. Existing long term arrangements should be reviewed where appropriate to ensure local business opportunities are being maximised.

This section should be read in conjunction with the State Supply Commission policy *Managing Purchasing Conducted by Private Sector Providers*.

IMPLEMENTATION INITIATIVES



The Government recognises that a top-down approach needs to be taken to avoid the possible dilution of policy down the supply chain. Leading by example is the most effective instrument in achieving the change required in agency purchasing and contracting philosophy, and practices to increase the level of support of local businesses. This role necessitates a more flexible approach to risk management and personal involvement by key executives and purchasing professionals.

All public authorities and government trading enterprises shall adopt a philosophy of buying as close to home as possible. This commitment is best stated in value for money statements.

The performance of public authorities and government trading enterprises is reliant upon the capability, efficiency and ability of their suppliers to meet their needs.

Public authorities shall focus on local suppliers becoming part of their business operations. Successful strategic partnerships are underpinned by an understanding of common objectives and business drivers. This can be achieved through the agency's Customer Service Charter defining the levels of shared responsibility for customer service outcomes where the public authority or GTE is the manager and local business the supplier.

Government and Ministerial Commitment

Government encourages the active participation of Western Australian businesses in Government service delivery and requires public authorities to adopt suitable practices to ensure this outcome.

For projects seeking Cabinet approval, the Summary Sheet and accompanying Minute Paper

shall include a *Buy Local* statement within the “*Impact on Small Business*” implementation requirement. Planning and good practice guidelines provide a step-by-step guide to planning considerations in maximising local business participation in the quotation and tendering process, and subsequent supply of goods and services or works to government.

Ministerial commitment to the *Buy Local* policy ensures its uniform adoption across the public sector including Government Trading Enterprises.

CEO Accountability – Tender Evaluations

Quotation and tender evaluation reports shall clearly demonstrate the application of the *Buy Local* policy in the calling and assessment of the bids.

In publicly tendered projects (involving estimated tender value of \$50,000 or more), where a local business has been unsuccessful in the awarding of the contract, supporting reasons justifying the decision shall be included in the tender evaluation report. The report must be approved by the CEO, or approved delegate, prior to contract award.

In some circumstances a similar approach for contracts below \$50,000 may also be appropriate.

Where a contract is to be awarded to a non-local business, a comprehensive debriefing shall be made available to the unsuccessful local tenderer(s) upon request.

The Government will use the quotation and tender evaluation reports to measure the level of compliance with the *Buy Local* policy.

CEO Accountability– Tenders Committees

Tenders committees, where in use, shall review the tender award process and other matters referred to it, to ensure conformance with the principles of *Buy Local*.

CEO Accountability – Decentralisation of Purchasing Autonomy

Where appropriate, CEOs shall implement administrative arrangements for purchasing that facilitate supply relationships with local businesses.

Centralisation of purchasing functions in a Perth metropolitan purchasing department reduces the incentive and ability of purchasing officers to provide opportunity for regional businesses to meet supply requirements in regional locations.

Decentralisation of purchasing functions and responsibilities to officers located in regional areas enhances competition and provides opportunity to local businesses through motivating purchasing within a local community and improving information flow between purchasing officers and local business.

The State Supply Commission and Contract and Management Services can assist public authorities achieve this policy objective.

CAMS Regional Contracting Service

Contract and Management Services has established 14 country offices to assist public authorities in sourcing goods, services and works from the local communities.

CAMS also assists regional businesses in helping to sell to Government. Regional businesses are encouraged to contact the respective CAMS country office in their region. (Refer to *Attachment F* for a list of contacts).

The CAMS service is provided in the areas of major capital works, building related contracting and goods and services.

State Supply Commission

The State Supply Commission will administer and oversee the effectiveness of this *Buy Local* policy.

Information and awareness sessions are provided by the State Supply Commission to help public authorities and local businesses understand the policy and how it shall be applied.

In addition, specific advice on implementation issues, application of the price preferences and seeking regional preferences is available by contacting the State Supply Commission directly. (Refer to *Attachment F* for contact details).

The Commission will work with Contract and Management Services and the Department of Commerce and Trade to provide appropriate advice to public authorities and local businesses where required.

Specifically, the Department of Commerce and Trade provides advice and assistance to small and medium enterprises on issues ranging from marketing to Government to responding to quotations and tenders.

PERFORMANCE Review

The intent of the *Buy Local* policy is to increase the participation of local businesses in government purchasing over time by maximising contracting opportunities.

The following mechanisms underpin measurement of the success of the policy.

CEO Annual Supply Performance Reporting on Buying Local

CEOs shall ensure that their public authority or GTE has fully considered the participation of local businesses in their purchasing decisions.

Reporting is required in terms of the annual spend on goods, services and works purchased from the various sectors within the local business environment as well as affirming compliance with the *Buy Local* policy.

CEOs shall establish appropriate procedures within their agencies to record the total value of contracts awarded annually and the percentage of the spend which represents contracts awarded to local businesses ie regional businesses, Perth metropolitan businesses and businesses located in other States and Territories of Australia and New Zealand.

This information will be collected and incorporated as part of the annual supply report that public authorities lodge with the State Supply Commission.

A minimum local purchasing target of 70% for CEOs is considered achievable in most cases. Therefore the State Supply Commission will report on the basis of individual agencies achieving a minimum 70% local purchasing target where practicable.

Reporting will be through either the annual *Who Buys What* publication produced by the State Supply Commission or the State Supply Commission's Annual Report.

Reporting requirements will be revised over time to include reporting contract value by Regional Development Commission boundaries and the number of contracts awarded locally as a direct result of applying preferences.

Buy Local Outcomes

The State Supply Commission has responsibility for administering the *Buy Local* policy and reporting to Cabinet on its effectiveness and on compliance with it. The Commission will oversee the implementation and application of the policy to assist all public authorities and GTE's to apply the policy appropriately and consistently.

Where considered necessary by the State Supply Commission Board, random compliance audits will be undertaken to measure compliance with the policy by individual agencies.

The State Supply Commission Board will also seek and receive input from the following sources to assist with evaluating the policy outcomes.

- Small Business Procurement Advisory Council;
- Department of Commerce and Trade;
- Contract and Management Services;
- Small Business Development Corporation;
- Building and Construction Advisory Council; and
- Regional Development Commissions.

In addition the Building and Construction Advisory Council, which provides advice to the Minister for

Works; Services will consider the need for modification of policy and processes in the area of works as a result of the *Buy Local* policy.

Grievance Process

The Western Australian *Government Purchasing Charter* states that competitive local businesses must be provided with every opportunity to supply the needs of Government. CEOs are responsible for ensuring that Government purchasing policies are complied with, and that they maximise contracting opportunities for, local businesses.

If a supplier is unhappy with the way a particular contract/buying process is conducted and they have attempted to resolve the problem directly with the agency concerned without a satisfactory resolution, they can lodge a formal complaint with the State Supply Commission.

ATTACHMENT A

Planning & Practice Checklist

Selection Criteria

The use of appropriate, well-defined selection criteria enables tenderers to focus their submissions, thereby assisting public authorities to assess the value for money benefits of each offer to the public authority or GTE and the community general.

Selection criteria should address the following broad areas:

- whole of life cycle costs;
- contractual and technical compliance;
- the capability of the tenderer to fulfil the specified requirements – legal, financial, experience etc.;
- the technical merit of the goods or services offered;
- socio-economic impact - net benefits to the State, industry, regional development, job creation;
- environmental management, supply of recycled/recyclable products and waste reduction;
- workplace practices, apprenticeship and training programs, Occupational Health Safety & Welfare, Equal Employment Opportunity commitment, industrial relations record; and
- an assessment of the risks or constraints associated with each offer.

Examples of possible selection criteria are detailed in the State Supply Commission's *Contract Process* guidelines available on the Commission's website.

To ensure that the benefits of using local businesses are recognised in assessments of value for money, the following selection criteria should be considered for inclusion in quotation and tender documentation.

Criteria	Demonstrated By	Checked
WHOLE OF LIFE CYCLE COSTS	• Whole of contract life cycle costs rather than initial price.	✓
	• Achievability of price offered, is it sustainable? does it appear too low?	✓
	• Installation costs.	✓
	• Maintenance costs (routine and emergency).	✓
	• Equipment downtime costs.	✓
	• Inspection and expediting costs.	✓
	• Communication costs.	✓
	• Stock holding eg availability of spares.	✓
	• Freight cost and delivery time.	✓
	• Shorter supply times on award.	✓
	• Currency fluctuation costs.	✓

Criteria	Demonstrated by	Checked
CAPABILITY	• Knowledge of local environmental conditions.	✓
	• Ability to meet specified time frames.	✓
	• Prompt availability of technical back-up support.	✓
	• Ease of regular communications and reporting.	✓
	• Site visit to determine size and capability of business.	✓
	• Financial viability to fulfil contract including capitalisation, security of payment for contract chain, credit and retainer capacity.	✓
	• Local manufacturing base and maintenance resource.	✓
	• After hours arrangements for urgent repair or replacement.	✓
	• Evidence of quality program, industry participation and ongoing R&D commitment.	✓
	• Socio-economic impact - net benefits to the State – industry and regional development and local/regional job creation.	✓
	• Workplace practices including apprenticeship and training program, Occupational health safety and welfare, equal employment opportunity commitment and industrial relations record.	✓
	• Ability and willingness to provide optimum employment pathways for Aboriginal people.	✓
	• Environmental Management including recycling and waste reduction.	✓

Weightings

Appropriate weightings to support local businesses should also be applied to the quotation/tender selection criteria. Weightings should be considered on a case-by-case basis.

Weightings reflecting the relative degrees of importance and risk should be allocated to each selection criteria, with those designated as mandatory simply requiring a yes/no response (ie technical compliance).

Guidance on establishing weightings is detailed in the State Supply Commission's *Contract Process* guidelines.

Contract Process

The following diagram outlines the Buying Wisely contract process and highlights the planning considerations that public authorities should address within their purchasing practices and decisions. This will ensure that the *Buy Local* policy outcomes are achieved.

CONTRACT PROCESS	LOCAL BUSINESS ALIGNMENT
<p style="text-align: center;">Contract Planning (Pre-tender)</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p style="text-align: center;">Plan the Purchase</p> </div> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p style="text-align: center;">Develop Request for Tender or Quotation</p> </div>	<ul style="list-style-type: none"> • Identify the need. • Develop a business case and consider the impact on local businesses. • Know your market. Explore the capability of local businesses to meet supply requirements. Seek the assistance of the Department of Commerce and Trade, Contract and Management Services, Small Business Development Corporation, Business Enterprise Centres, Regional Development Commissions, industry associations and ISOWA. • Provide adequate notice of major supply opportunities (public tenders of \$50,000 or more). Where time permits, a similar approach for contracts below \$50,000 is also appropriate. • Involve local business/associations in the total contract, including planning, design and operational support (Major Contracts). • Package purchases in contracts of size and scope consistent with the supply capacity of local businesses (unless this is demonstrably inconsistent with principles of value for money in government purchasing). • For purchases of value greater than \$1 million, the procurement plan in all cases must address regional skills and economic development (relates only to regional contracts). • For purchases of value greater than \$5 million, review countertrade opportunities in consultation with the Department of Commerce and Trade. • Develop value for money selection criteria that include local industry/supplier development objectives. • Develop appropriate provisions for breach of contract (failure to deliver <i>Buy Local</i> commitments).

CONTRACT PROCESS	LOCAL BUSINESS ALIGNMENT
<p style="text-align: center;"><i>Contract Formation (Tender)</i></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"> Invite and Receive Tenders or Quotations </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"> Evaluate Offers Negotiate and Apply Due Diligence Finalise and Award Contract </div>	<ul style="list-style-type: none"> ▪ Ensure that local businesses are provided with information on tender opportunities for large contracts and are given sufficient notice to form consortia bids and/or explore subcontracting arrangements. ▪ Seek tenders and quotations from local businesses. ▪ Adopt appropriate risk management measures to suit contract need (avoid over-specification of securities such as financial capability, insurances and guarantees). ▪ Ensure that benefits of purchasing from local businesses are recognised in assessments of value for money and assess tenders against State local-industry development objectives. ▪ Apply price preferences to bids. ▪ Assess countertrade proposals. ▪ Discontinue negotiations towards contract award where the supply of dumped goods is proposed or suspected (seek advice). ▪ Document justification if contract has not been awarded to a local business and obtain CEO sign-off before contract award.
<p style="text-align: center;"><i>Contract Management</i></p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"> Manage the Transition </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"> Contract Operation </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"> Complete, Extend or Renew the Contract </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Review and Evaluate the Contract </div>	<ul style="list-style-type: none"> ▪ Appraise the local contractor on any industrial relations implications arising from the contract. ▪ Provide adequate information for the local contractor on the public authorities or GTEs overall goals and objectives. ▪ Develop the accountability and management reporting systems with the local contractor's involvement. ▪ Monitor contract payments and financial controls to ensure local contractors' liabilities are well managed. ▪ Monitor contract commitments to <i>Buy Local</i> and other supply policy principles. ▪ Ensure that the local contractor understands the public authorities or GTEs rights in exercising the determination to extend a contract. ▪ Ensure that the review methodology is based upon defined performance standards that are fair and equitable to the local contractor. ▪ Assess "lessons learnt" and opportunities for future improvements in local contractor management.

ATTACHMENT B

Preference Questionnaire

The Western Australian Government provides price preferences to local Western Australian businesses when they are in competition for regionally based Government contracts.

Bona fide regional businesses located within a prescribed distance from a contract delivery point are eligible to receive a *Regional Business Preference* and a *Regional Content Preference*. Local Western Australian businesses located outside the prescribed distance are eligible to receive a *Regional Content Preference*.

However, price preferences are not applied when Western Australian local businesses are in direct competition with compliant bids received from other States or Territories of Australia or New Zealand.

In addition, Australian and New Zealand content receives a price preference when in direct competition with imported goods and services. This preference is applied in the form of an impost on imported content.

Details of the preferences and how they are applied are documented in the *Buy Local* policy available from the State Supply Commission.

To receive any regional preferences and to ensure preferences are applied correctly where appropriate, local Western Australian businesses must complete the following preference questionnaire. All businesses are required to complete the imported content section of the form if applicable.

The contract delivery point for this contract is: _____

The prescribed distance for this contract is: _____ km.

Please tick appropriate box: ✓

YES NO

Claiming Price Preferences – (WA local businesses only)

1 Is your business claiming either the *Regional Business Preference* or the *Regional Content Preference*.

Regional Business Preference – (WA businesses located within the prescribed distance)

2 Does your business maintain a permanent operational office employing staff on an ongoing basis (not casual or on short-term contracts) within the prescribed distance?

3 Has your business maintained and carried on business from this office for the past 6 months or more prior to the date this tender/quotation was called?

4 Will your business manage/deliver the contract outcomes from the business described above? (Regional Business Preferences are only available to businesses which bid and manage/deliver the contract outcomes from their regional business location)?

5 What is the total value of your bid?

YES NO

Regional Content Preference - (WA businesses located **within the prescribed distance)**

WORKS CONTRACTS ONLY

WA businesses located within the prescribed distance from the delivery point of a works contract may also claim an additional *Regional Content Preference*.

6 Does your business intend purchasing goods and services for use in this contract from other regional businesses located within the prescribed distance from the contract delivery point?

If claiming the additional *Local Content Preference* for works contracts please complete the Local Content Preference verification section below.

Regional Content Preference – (WA businesses located **outside the prescribed distance)**

ALL CONTRACTS

WA businesses located outside the prescribed distance from the contract delivery point may also be eligible to seek the *Regional Content Preference*.

7 Does your business intend purchasing goods and services for use in this contract from regional businesses which are located within the prescribed distance from the contract delivery point?

Regional Content Preference – Verification

8 List details of the goods and services your company intends purchasing for use on this contract from regional businesses which are located within the prescribed distance from the contract delivery point. Include the value of the goods and services (attach additional list if required).

Goods/Service Description	Purchased From	Value \$
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Value of Regional Content:		\$ <input style="width: 150px; height: 20px;" type="text"/>

Imported Content

9 Suppliers are required to declare the value of any portion of their bid that comprises goods and services which have been imported from another country, excluding New Zealand. Please list details of any goods and services included in your bid that have been imported into Australia. (attach additional list if required)

Goods/Service Description	Country of Origin	Value \$
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Value of Imported Content:		\$ <input style="width: 150px; height: 20px;" type="text"/>

ATTACHMENT C

Examples - Application of Price Preferences

Public authorities shall ensure that relevant preferences are applied during the bid evaluation. The preferences are designed to enhance the opportunity for local businesses and to maximise local content within the bid.

<i>Local Regional WA businesses versus Local WA businesses but not regional</i>	<i>Local Regional WA businesses versus ANZ businesses</i>	<i>ANZ businesses versus Local WA businesses but not regional</i>
<p>Regional business preference only applies to regional businesses within the prescribed distance.</p> <p>Apply regional content preference to portion of local WA non-regional bids containing regional content.</p> <p>Apply price impost on imported content of bids when appropriate.</p> <p><i>(REFER TO ATTACHMENT C EXAMPLES 1,2 & 3)</i></p>	<p>No regional business preferences apply due to ANZGPA.</p> <p>No regional content preference applies to either bid due to ANZGPA.</p> <p>Apply imported price impost on imported content of bids when appropriate.</p> <p><i>(REFER TO ATTACHMENT C EXAMPLE 5)</i></p>	<p>No regional preference applies to either bid due to ANZGPA.</p> <p>No regional content preference applies to either bid due to ANZGPA.</p> <p>Apply imported price impost on imported content of bids when appropriate.</p> <p><i>(REFER TO ATTACHMENT C EXAMPLE 4)</i></p>

For example, if a tender is called for the provision of goods, services or construction works within regional Zone 2 (from Jurien Bay to Bremer Bay - Refer maps Attachment D), the regional business preference applies to bids from regional businesses located within 200km of the point of delivery or provision of the service or construction works activity. Other regional businesses, that is, those businesses located in either Zones 1, 2 or 3 outside of the prescribed 200km distance can only claim the regional content preference.

If a tender is called in Zone 3, the prescribed distance of 400km may be extended by public authorities where necessary to incorporate the nearest town, where this would not otherwise be included. The prescribed distance in Zone 3 may also be extended to accommodate road and highway maintenance and construction works contracts which may extend over long distances with multiple contract delivery points.

Businesses located in Zone 1 (Perth metropolitan area), are excluded from claiming the regional business preference regardless of their location in relation to the prescribed distance. They can however claim the regional content preference.

The following formula should be used for comparing bids involving preferences.

$$\underline{\text{BID}} = \underline{\text{PRICE}} + \underline{\text{IMPORT}} - \underline{\text{REGIONAL}}$$

WHERE:

PRICE: = Tendered price

IMPORT: = Dollar value of imported content X 10%

REGIONAL: = Dollar value of total regional bid (Goods and Services) X 10%

Dollar value of non-regional bid's regional content (Goods and Services) X 10%

Dollar value of total regional bid (Construction Works) X 5%

Dollar value of regional bid's regional content (Construction Works) X 5%

Dollar value of non-regional bid's regional content (Construction Works) X 5%

Note:

(a) Regional bid and regional content = 0 when competing with bids from other States of Australia or New Zealand.

(b) Regional preferences are capped as follows:

- Goods and Services:
 - \$50,000 for regional businesses total bid.
 - \$50,000 for non-regional businesses local content.
- Construction Works:
 - \$100,000 (\$50,000 for regional businesses preference plus \$50,000 local content).
 - \$50,000 for non-regional businesses local content.
- CTC:
 - \$500,000 for regional businesses total bid.
 - \$500,000 for non-regional businesses local content.

If bids are equal after the application of the preference, the bid with the highest proportion of regional content should be awarded the contract, subject to all other issues being equal (price and value for money considerations).

Example 1

Goods and Services Contract

Application of preferences to compliant bids received from a local regional business and two local WA businesses. There is no imported content.

A quotation for the supply and delivery of goods and services is called in Port Hedland (Zone 3, prescribed distance 400 kms).

Bid A of \$22,000 is received from a local WA business (Perth metropolitan area) located outside the prescribed distance which will use regional business located within the prescribed distance (400 kms of Port Hedland) to supply goods and services valued at \$5,000, for use in the contract. The value of this portion of the bid (\$5,000) represents regional content. The 10% regional content preference is applied to this portion of the bid comprising the regional content.

Bid B of \$23,000 is received from a local regional business located within the prescribed distance (Karratha which is approximately 240 km from Port Hedland). The 10% regional business preference is applied to the total bid as the business is located within the prescribed distance (400 kms of Port Hedland).

Bid C of \$24,000 is received from a local WA business located outside the prescribed distance (Northam Zone 2, prescribed distance 200 kms). Although this bid is from a local regional business, the business is located outside the Zone 3 prescribed distance of 400 kms. Therefore, the only preference applicable is the regional content preference. In this case, this bid will use regional businesses located within the prescribed distance (400 Kms of Port Hedland), valued at \$18,000, for use in the contract. The 10% regional content preference is applied to the portion of the bid comprising the regional content.

The preferences are applied as follows:

Bids Received	Preferences	Adjusted Price for Comparative Evaluation Only
<p>Bid A \$22,000 Local WA Business. Located outside prescribed distance. (Perth Metropolitan Area)</p>	<p>Regional Content Preference 10% of \$5,000 = \$500</p>	<p>Bid = Price + Import – Regional = \$22,000 + \$0 - \$ 500 = \$21,500</p>
<p>Bid B \$23,000 Local WA Regional Business. Located within prescribed distance.</p>	<p>Regional Business Preference 10% of \$23,000 = \$2,300</p>	<p>Bid = Price + Import – Regional = \$23,000 + \$0 - \$2,300 = \$20,700</p>
<p>Bid C \$24,000 Local WA Business. Located outside prescribed distance</p>	<p>Regional Content Preference 10% of \$18,000 = \$1,800</p>	<p>Bid = Price + Import – Regional = \$24,000 + \$0 - \$1,800 = \$22,200</p>

Bid B is the lowest adjusted price for comparative evaluation. If successful, price paid = \$ 23,000

Example 2

Goods and Services Contract

Application of preferences to compliant bids received from a local regional business and a local WA business. Both bids have imported content.

A quotation for the supply and delivery of goods and services is called in Northam (Zone 2, prescribed distance 200 kms).

Bid A of \$32,000 is received from a local WA business (Perth metropolitan area) located outside the prescribed distance, which will use regionally based business located within the prescribed distance, (200 kms of Northam) to supply goods and services valued at \$10,000 for use in the contract. The value of this portion of the bid (\$10,000) represents regional content. The bid also comprises \$5,000 of imported content.

The 10% regional content preference is applied to that portion of the bid comprising the regional content and a 10% impost is applied to the value of the imported content.

Bid B of \$33,500 is received from a local regional business based in Northam. The bid comprises \$15,000 of imported content.

The 10% regional business preference is applied to the total bid as the business is located within the prescribed distance (200 kms of Northam).

A 10% impost is applied to the value of the imported content.

The preferences are applied as follows:-

Bids Received	Preferences	Adjusted Price for Comparative Evaluation Only
<p>Bid A \$32,000 Local WA Business Located outside prescribed distance. (Perth Metropolitan Area)</p>	<p>Regional Content Preference 10% of \$10,000 = \$1,000</p> <p>Imported Price Impost 10% of \$5,000 = \$ 500</p>	<p>Bid = Price + Import – Regional = \$32,000 + \$500 – \$1,000 = \$31,500</p>
<p>Bid B \$33,500 Local WA Regional Business. Located within prescribed distance</p>	<p>Regional Business Preference 10% of \$33,500 = \$3,350</p> <p>Imported Price Impost 10% of \$15,000 = \$1,500</p>	<p>Bid = Price + Import – Regional = \$33,500 + \$1,500 - \$3,350 = \$31,650</p>

Bid A is the lowest adjusted price for comparative evaluation only. If successful, price paid = \$ 32,000

Example 3

Construction Works Contract

Application to compliant bids received from a local regional business and local WA businesses. There is no imported content.

A tender for a construction works contract is called in Geraldton (Zone 3, prescribed distance 400 kms).

Bid A of \$990,000 is received from a local WA business (Perth metropolitan area) located outside the prescribed distance which will use regionally based business located within the prescribed distance (400 kms of Geraldton) valued at \$490,000, for use in the contract. The value of this portion of the bid (\$490,000) represents regional content.

The 5% regional content preference is applied to the portion of this bid comprising the regional content.

Bid B of \$1,000,000 is received from a local regional business located in Geraldton.

The 5% regional business preference applies to the total bid as the business is located within the prescribe distance (400 kms of Geraldton).

Additionally, this local regional business will use other local regional business located within the prescribed distance in the delivery of the contract to the value at \$500,000. The value of this portion of the bid (\$500,000) represents regional content.

An additional 5% regional content preference is applied to the portion of this bid comprising the regional content.

The preferences are applied as follows:

Bids Received	Preferences	Adjusted Price for Comparative Evaluation Only
<p>Bid A \$990,000 Local WA Business. Located outside the prescribed distance. (Perth Metropolitan Area)</p>	<p>Regional Content Preference Less 5% of \$490,000 = \$24,500</p>	<p>Bid = Price + Import – Regional = \$990,000 + \$0 - \$24,500 = \$965,500</p>
<p>Bid B \$1,000,000 Local WA Regional Business. Located within the prescribed distance.</p>	<p>Regional Business Preference Less 5% of \$1,000,000 = \$50,000</p> <p>Regional Content Preference Less 5% of \$500,000 = \$25,000</p>	<p>Bid = Price + Import – Regional = \$1,000,000 + \$0 – \$75,000 = \$925,000</p>

Bid B is the lowest adjusted price for comparative evaluation. If successful, price paid = \$1,000,000

Example 4

Goods and Services Contract

Application to compliant bids received from a local WA business and a local Australian business located in another State. There are no bid from local regional WA business. There is imported content.

A tender for the supply of goods and services is called in regional Western Australia.

Bid A of \$650,000 is received from a local WA business (Perth metropolitan area) which is outside the prescribed distance for this contract. However the business will use regionally based business located within the prescribed distance to supply goods and services valued at \$400,000 for use in the contract. The value of this portion of the bid (\$400,000) represents regional content. The bid also comprises \$70,000 of imported content.

The 10% regional content preference cannot be applied due to the ANZGPA.

A 10% impost is applied to the value (\$70,000) of the imported content.

Bid B of \$650,000 is received from a local Australian business located in another State (ANZ business) which will use regionally based business located within the prescribed distance to supply goods and services valued at \$290,000 for use in the contract. The value of this portion of the bid (\$290,000) represents regional content. The bid also comprises \$125,000 of imported content.

The 10% regional content preference cannot be applied due to the ANZGPA.

A 10% impost is applied to the value (\$125,000) of the imported content.

The preferences are applied as follows:

Bids Received	Preferences	Adjusted Price for Comparative Evaluation Only
<p>Bid A \$650,000 Local WA Business. Located outside prescribed distance. (Perth Metropolitan Area)</p>	<p>Regional Content Preference Not applicable ANZGPA Imported Price Impost 10% of \$70,000 = \$7,000</p>	<p>Bid = Price + Import – Regional = \$650,000 + \$7,000 - \$0 = \$657,000</p>
<p>Bid B \$650,000 Local ANZ Business. Located in another State.</p>	<p>Regional Content Preference Not applicable ANZGPA Imported Price Impost 10% of \$125,000 = \$12,500</p>	<p>Bid = Price + Import – Regional = \$650,00 + \$12,500 – \$0 = \$662,500</p>

Bid A is the lowest adjusted price for comparative evaluation. If successful, price paid = \$650,000

Example 5

Goods and Services Contract

Application to compliant bids received from a local regional business and a local Australian business located in another State.

A quotation for the supply of goods and services is called in regional Western Australia.

Bid A of \$20,000 is received from a local Australian business located in another State. The business will not be using any regionally based business located within the prescribed distance to supply goods and services for use in the contract. The imported content contained within Bid A is \$10,000.

A 10% impost is applied to the value (\$10,000) of the imported content.

Bid B of \$20,000 is received from a local regional business located within the prescribed distance. The imported content contained within Bid B is \$5,000.

The 10% regional business preference cannot be applied due to the ANZGPA.

A 10% impost is applied to the value (\$5,000) of the imported content.

The preferences are applied as follows:-

Bids Received	Preferences	Adjusted Price for Comparative Evaluation Only
<p>Bid A \$20,000 Local Business. Located in another State.</p>	<p>Regional Content Preference Not applicable ANZGPA Imported Price Impost 10% of \$10,000 = \$1,000</p>	<p>Bid = Price + Import – Regional = \$20,00 + \$1,000 – \$0 = \$21,000</p>
<p>Bid B \$20,000 Local Regional WA Business. Located within prescribed distance.</p>	<p>Regional Business Preference Not applicable ANZGPA Imported Price Impost 10% of \$5,000 = \$500</p>	<p>Bid = Price + Import – Regional = \$20,000 + \$500 - \$0 = \$20,500</p>

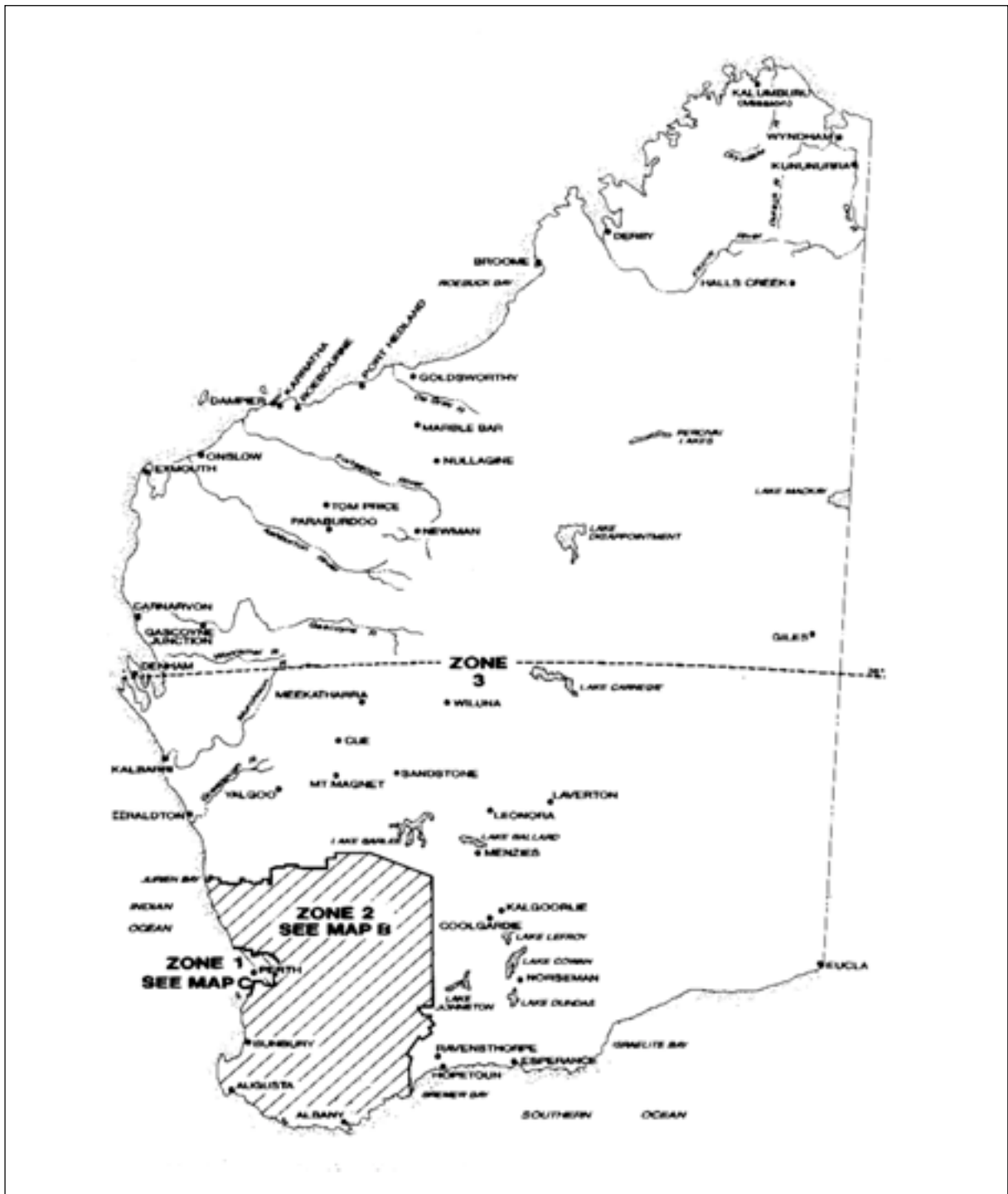
Bid B is the lowest adjusted price for comparative evaluation. If successful, price paid = \$20,000

ATTACHMENT D

Maps

The following maps show the three zones used in applying the regional preferences. The zone boundaries follow those identified in the Regional Development Commissions Act 1993 as amended.

Regional Zones (Map A)



Regional Zone 2 (Map B)



**Zone 1 (Map C)
Metropolitan Area**



ATTACHMENT E

Glossary of Terms

Australian and New Zealand Government Procurement Agreement (ANZGPA)

The ANZGPA is an agreement between the Federal, State and Territory Governments of Australia and New Zealand. The objectives of the agreement are to create and maintain a single government procurement market to maximise opportunities for competitive Australian and New Zealand businesses and to reduce costs of doing business for both government and industry.

All parties to the ANZGPA have agreed not to discriminate against bids from other states and territories in Australia or New Zealand in the form of purchasing preference arrangements.

The ANZGPA requires that all Australian and New Zealand businesses be given equal consideration and opportunity to contract or supply to the Australian Federal, State and Territory Governments.

Australian and New Zealand Bid (ANZ)

An ANZ bid refers to a bid received from another Australian State or Territory, or from a New Zealand based company. This relates to the origin of the bid and not the origin of the product.

Competitive Tendering and Contracting (CTC)

A key government policy initiative which is concerned with bringing the discipline of competition to the delivery of public sector services. A 10% price preference, to a maximum of \$500,000, applies to goods and services purchased and used and all construction conducted in the regional area. The CTC price preference only applies in the original contracting out of the service.

Goods

Goods include tangible, quantifiable material requirements usually capable of being moved or transported that are purchased, rented, leased or hired by a public authority or GTE or by a private sector provider on behalf of a public authority or GTE.

Government Trading Enterprise (GTE)

A public authority that is engaged mainly in the production of goods and services for sale in the market and who's objective is to recover at least a significant proportion of operating costs through charges for their goods and services.

Imported Content

Imported content refers to the portion of the bid where the good or service has been sourced from overseas, excluding New Zealand.

Imported Price Impost

Imported price impost provides an incentive for local businesses by applying a 10% impost on the value of the imported content within the bid.

Local Business

An entity is regarded as a local business if:

- (a) A compliant bid is received from a Western Australian location and the majority of the contract value is to be performed within the State; and
- (b) If no category (a) bids are received, then local transfers to bids from the rest of Australia and New Zealand when such bids are in competition with overseas locations;

To be eligible to claim the *Regional Business Preference*, a regional business must:

- Maintain a permanent operational office within the contract prescribed distance, employing permanent staff on an ongoing basis (not casual or on short term contracts), who will service the contract; and.
- The office must have been established for six (6) months prior to bids being sought and the business must be either registered or licensed to operate within Western Australia.

The *Regional Business Preference* is only available to local regional businesses who bid and manage/deliver the contract outcomes from their regional business location.

Private Sector Provider

A private sector provider is an organisation that is engaged by a public authority or GTE to undertake work on its behalf. This may include purchasing goods, services or works on a cost reimbursable basis. The provider therefore assumes the responsibility for expending public monies.

Public Authority

A department of the Public Service of the State established under the Public Sector Management Act 1994; and an agency, authority or instrumentality of the Crown in right of the State.

Price Preference

The price preference provides an enhanced opportunity to bid – it is not a subsidy. Businesses must submit their most competitive price irrespective of the application of the preference as part of the assessment process.

Regional Content

Regional content refers to the portion of a bid where the good or service has been purchased from a local regional business located within the prescribed distance in regional Western Australia.

Regional Content Preference

This preference provides an incentive for local, non-regional businesses to purchase goods, services and construction from within the prescribed distance in regional Western Australia. This preference applies only to the value of the portion of the bid that represents regional content.

Regional Business Preference

This preference enables local regionally based WA businesses (within the contract prescribed distance) to claim a price preference for their whole bid, regardless of the origin of the labour or materials as all labour and materials are deemed to be regional content.

Services

Services include any combination of intellectual effort, labour and materials required to perform any task, consultancy, advice or work being procured by a public authority or GTE. Excluded are payments made directly to employees, superannuation and pension payments, statutory or involuntary payments, and grants, subsidies and transfer payments.

Value for Money

This is a key policy objective to ensure that when purchasing goods and services, public authorities achieve the best possible outcome for every dollar spent by assessing the costs and benefits to Government and the community, rather than simply selecting the lowest purchase price.

Value for money involves a range of considerations that need to be addressed when developing the selection criteria for tender and quotation documentation, and may include:

- whole of life cycle costs;
- contractual and technical compliance;

- the capability of the tenderer to fulfil the specified requirements – legal, financial, experience etc;
- the technical merit of the goods or services offered;
- socio-economic impact - net benefits to the State, industry, regional development;
- environmental management, supply of recycled/recyclable products and waste reduction;
- workplace practices, apprenticeship and training program, OHS & W, EEO commitment, industrial relations record; and
- an assessment of the risks or constraints associated with each offer.

Works

Works includes the carrying out of any improvement on or over any area of land, lake, river or ocean, and any services related to that activity.

This includes the construction of buildings (including public housing) and other public infrastructure, as well as services associated with the development.

ATTACHMENT F

List of Useful Contacts

STATE SUPPLY COMMISSION

5th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005
Ph: 08 9222 5700
Country Callers: 1800 806 599
Fax: 08 9222 5750
E-mail: buywisely@ssc.wa.gov.au
Web site: www.ssc.wa.gov.au

CONTRACT AND MANAGEMENT SERVICES

Perth

6th floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005
Ph: 08 9222 5555
Fax: 9222 5000
E-mail: cams@cams.wa.gov.au
Web site: www.cams.wa.gov.au

14 Country Offices

SOUTH WEST REGION

Bunbury

8th floor Bunbury Tower
61 Victoria Street
BUNBURY WA 6230
Ph: 08 9721 2266
Fax: 08 9791 3058
E-mail bunbury@cams.wa.gov.au

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104 Aberdeen Street
ALBANY WA 6330
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GOLDFIELDS REGION

Kalgoorlie

1st floor, 220 Hannan Street
KALGOORLIE WA 6430
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Fax: 08 9091 6025
E-mail kalgoorlie@cams.wa.gov.au

Esperance

Suite 1 Balmoral Square
The Esplanade
ESPERANCE WA 6450
Ph: 08 9071 5079
Fax: 08 9071 5203
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CENTRAL REGION

Northam

Mclver House
297 Fitzgerald Street
NORTHAM WA 6401
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Fax: 08 9622 0145
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Narrogin

1 St Floor, Government Office Building
Park Street
NARROGIN WA 6312
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Fax: 08 9881 2392
E-mail narrogin@cams.wa.gov.au

Merredin

Cnr Mitchell & Queen Streets
MERREDIN WA 6415
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Fax: 08 9041 2684
E-mail merredin@cams.wa.gov.au

MID WEST / GASCOYNE REGION

Geraldton

2nd Floor, SGIO Building
Cnr Cathedral & Lester Avenue
GERALDTON WA 6530
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Fax: 08 9964 1596
E-mail geraldton@cams.wa.gov.au

Carnarvon

Olivia Terrace
CARNARVON WA 6701
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Fax: 08 9941 2814
E-mail carnarvon@cams.wa.gov.au

PILBARA REGION

Karratha

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KARRATHA WA 6714
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Fax: 08 9144 2417
E-mail karratha@cams.wa.gov.au

South Hedland

Unit 4, Tonkin Street
SOUTH HEDLAND WA 6722
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Fax: 08 9172 2738
E-mail porthedland@cams.wa.gov.au

KIMBERLEY REGION

Broome

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25 Carnarvon Street (Cnr Short Street)
BROOME WA 6725
Ph: 08 9192 1885
Fax: 08 9193 5707
E-mail broome@cams.wa.gov.au

Derby

West Kimberley House
Loch Street
DERBY WA 6728
Ph: 08 9191 1332
Fax: 08 9191 1159
E-mail derby@cams.wa.gov.au

Kununurra

Cnr Messmate Way & Konkerberry Drive
KUNUNURRA WA 6743
Ph: 08 9168 0222
Fax: 08 9168 1042
E-mail kununurra@cams.wa.gov.au

DEPARTMENT OF COMMERCE AND TRADE

168-170 St Georges Terrace
Perth, Western Australia 6000
E-mail: gatewaywa@commerce.wa.gov.au
Ph: (08) 9327 5666
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Fax: (08) 9327 5481

CHAMBER OF COMMERCE AND INDUSTRY

190 Hay Street,
EAST PERTH WA 6004
Ph: 08 9365 7555
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E-mail: info@cciwa.asn.au
Web Site: <http://www.cciwa.asn.au>

INDUSTRIAL SUPPLIES OFFICE OF WESTERN AUSTRALIA

180 Hay Street,
East Perth WA 6004
Tel: (08) 9365 7623
Fax: (08) 9365 7480
E-mail: info@cciwa.asn.au

REGIONAL DEVELOPMENT COMMISSIONS

9 Development Commissions with 21 offices

Gascoyne Development Commission

Stuart House,
15 Stuart Street,
CARNARVON WA 6701
Ph: (08) 9941 1803
Fax: (08) 9941 2576
E-mail: info@gdc.wa.gov.au
Web Site: <http://www.gdc.wa.gov.au>

Goldfields-Esperance Development Commission

Ground Floor, Viskovich House
377 Hannan Street,
KALGOORLIE WA 6430
Ph: (08) 9091 1166
Fax: (08) 9021 7941
E-mail: gedckal@ludin.com.au
Web Site: <http://www.gedc.wa.gov.au>

Southern Region

Port Authority Building,
The Esplanade,
ESPERANCE WA 6450
Ph: (08) 9071 5190
Fax: (08) 9071 3765
E-mail: gedcesp@gei.net.au

Great Southern Development Commission

110 Serpentine Road,
ALBANY WA 6330
Ph: (08) 9842 4888
Fax: (08) 9842 4828
E-mail: gfdc@gfdc.com.au
Web Site: Due online in 2000

102 Clive Street,
KATANNING WA 6317
Ph: (08) 9821 4423
Fax: (08) 9821 4426
E-mail: gfdc2@katel.net.au

Kimberley Development Commission

Papua Street,
KUNUNURRA WA 6743
Ph: (08) 9168 1044
Fax: (08) 9168 1473
E-mail: KDC-ko@commerce.wa.gov.au
Web Site: <http://www.kdc.wa.gov.au>

Cnr Dampier Terrace and Napier Street,
BROOME WA 6725
Ph: (08) 9193 6795
Fax: (08) 9193 6142

West Kimberley House, Loch Street,
DERBY WA 6728
Ph: (08) 9193 1444
Fax: (08) 9193 1445
E-mail: KDC-derby@commerce.wa.gov.au

Mid West Development Commission

SGIO Building, 45 Cathedral Avenue
GERALDTON WA 6530
Ph: (08) 9921 0702
Fax: (08) 9921 0707
E-mail: info@mwdc.wa.gov.au
Web Site: <http://www.mwdc.wa.gov.au>

Peel Development Commission

45 Mandurah Terrace,
MANDURAH WA 6210
Ph: (08) 9535 0000
Fax: (08) 9535 2119
E-mail: pdc@peel.wa.gov.au
Web Site: <http://www.peel.wa.gov.au>

Pilbara Development Commission

Shop 2, 6 Wedge Street
PORT HEDLAND WA 6721
Ph: (08) 9173 8400
Fax: (08) 9173 1881
Freecall: 1800 024 474
E-mail: pdcc@pdcc.wa.gov.au
Web Site: <http://www.pdcc.wa.gov.au>

State Government Office Building
Cnr Welcome & Searipple Roads,
KARRATHA WA 6714
Ph: (08) 9185 0188
Fax: (08) 9185 0189
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South West Development Commission

9th Floor, Bunbury Tower,
61 Victoria Street,
BUNBURY WA 6230
Ph: (08) 9792 2000
Fax: (08) 9791 2130
E-mail: swdc@bis.net.au
Web Site: <http://www.swdc.wa.gov.au>

Collie

14-15 Forrest Street,
COLLIE WA 6225
Ph: (08) 9734 2322
Fax: (08) 9734 1515
E-mail: across@swdc.wa.gov.au

Warren Blackwood
Unit 6, Garden View Court
19 Giblett Street,
MANJIMUP WA 6258
Ph: (08) 9777 1555
Fax: (08) 9777 1414

Vasse

C/- Shire of Busselton
30 Southern Drive,
BUSSELTON WA 6280
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Wheatbelt Development Commission

14 Wellington Street,
NORTHAM WA 6401
Ph: (08) 9622 7222
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Web Site: <http://www.wheatbelt.wa.gov.au>

Cnr Mitchell & Queen Streets,
MERREDIN WA 6415
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Unit 7, Central Arcade
13 Dandaragan Street,
MOORA WA 6510
Ph: (08) 9651 1770
Fax: (08) 9651 1910

Government Offices,
Park Street,
NARROGIN WA 6312
Ph: (08) 9881 5888
Fax: (08) 9881 3363

DEPARTMENT OF TRAINING AND EMPLOYMENT

2/151 Royal Street
East Perth 6004
Phone 089 235 6031
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web site <http://www.training.wa.gov.au>

BUILDING AND CONSTRUCTION ADVISORY COUNCIL

C/- Contract and Management Services
6th floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005
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Fax: 9222 5000
E-mail: cams@cams.wa.gov.au
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SMALL BUSINESS DEVELOPMENT CORPORATION

553 Hay Street (Cnr Pier Street)
Perth, WA 6000
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Fax: (08) 9325 3981
Country freecall hotline: 1800 199 125
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DEPARTMENT OF PRODUCTIVITY AND LABOUR RELATIONS

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5th Floor Dumas House 2 Havelock Street West Perth Western Australia 6005
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