



Government of Western Australia
Department of Commerce



BUILDING LOCAL INDUSTRY POLICY





Contents

Introduction	2
Building local industry	3
Objectives	4
Key initiatives	5
Procedural guidelines	6
Enhancing business and industry capability	6
The Industry Capability Network WA	7
Industry participation plans	8
Local content unit	8
Contacts	9



Introduction

Western Australia is the powerhouse of the Australian resources industry and is fast rivalling the Asia-Pacific region as a whole. The State's substantial reserves of natural resources place it in a strong economic position and lay the foundation for a vibrant and diverse local industry base.

The Western Australian Government is committed to an on-going and comprehensive agenda for economic growth and prosperity that is delivering employment growth, inward investment and an enviable trade surplus, all of which contributes to an attractive lifestyle for all Western Australians.

The Building Local Industry Policy forms an integral part of the Western Australian Government's commitment to strengthening local industry. It provides a framework for local businesses to be considered for involvement in major projects and in overseas markets of importance to Western Australia's economic development.

Western Australia is home to some of the most experienced industry leaders, a highly-skilled and innovative workforce and world-class infrastructure. Our local businesses have consistently shown that they can compete with the best in the world on quality, service and most importantly, whole-of-life cycle costs. Local and global resource companies should therefore recognise the distinct commercial advantages of dealing with competitive local suppliers.

Local engagement in private and public sector projects and contracts benefits local industry and the wider Australian community through more jobs, enhanced business capability, training opportunities, new skills and industry development.

Project proponents and other major purchasers will also benefit from the Building Local Industry Policy. The policy provides an avenue for customers to link with and share expertise, innovation and business networks offered by local industry.

A key component of this policy is that it affords project proponents with the means to collaborate with the Western Australian Government to enhance the skills and expertise of WA's supply base.

To ensure the State's local businesses have the best opportunity to compete in a global environment, the Western Australian Government is investing to facilitate the attainment of high levels of local content. One manifestation of this commitment to local industry development is the Australian Marine Complex (AMC).

The AMC, located 23 kilometres south of the State's capital city of Perth, is rapidly gaining an international reputation as Australia's premier industrial facility to service the oil and gas, resources, defence and shipbuilding sectors.

The complex is attracting interest from international subsea oil and gas companies keen to take advantage of what the State has to offer.

Through the Building Local Industry Policy and other actions, the Western Australian Government is continuing to demonstrate its on-going commitment to a prosperous future by working with local industry and major project proponents to ensure that local industry is given full, fair and reasonable opportunity to participate in all major projects that are being conducted in Western Australia.



Building local industry

The government will maximise the opportunities for local businesses in major development projects and government procurement in Western Australia for the benefit of the State.

This Policy is a clear and unequivocal statement that local businesses have a legitimate expectation that they will be given a full, fair and reasonable opportunity to be considered for major work and contracts being undertaken in Western Australia in both the public and private sector.

The government is committed to maximising these opportunities for Western Australian businesses through:

- encouraging and supporting major project proponents to seek out appropriate and competitive local suppliers;
- identifying the benefits of purchasing from Western Australian businesses; and
- assisting local businesses to become more competitive and capable of taking advantage of opportunities in the global supply chain.

The government's approach to promoting a higher proportion of local participation in major development projects and State agency purchasing is not a stand-alone initiative. It is part of the government's broad and comprehensive agenda for sustainable industry and regional development to create a strong and diversified economy, high quality jobs and a superior quality of lifestyle for all Western Australians.

Implementation of the Building Local Industry Policy will be supported by Procedural Guidelines. The policy and guidelines are based on, and are consistent with the government's Buy Local Policy and the Australian Industry Participation National Framework agreed by Commonwealth and State Industry Ministers in April 2001. The National Framework identifies a set of objectives, principles and strategies by which governments and industry will work together to provide full, fair and reasonable opportunity for Australian industries to participate in significant public and private sector activity (For more information about the National Framework visit the Australian Industry Participation website at www.aip.gov.au).

The National Framework together with Western Australia's Building Local Industry Policy and Procedural Guidelines provide a comprehensive framework to provide local businesses with the opportunity to participate in private and public sector projects and procurement in a manner that is consistent with the government's wider policy.



Objectives

The goal of the Building Local Industry Policy is the creation of more, higher quality employment opportunities within Western Australia.

In pursuit of this goal, the following objectives are fundamental:

- achieve a cooperative and coherent approach from government, project proponents, suppliers and unions;
- assist more Western Australian businesses to compete for major project work in both the private and public sectors;
- promote the use of local services, supplies and labour;
- provide improved access to local businesses for major project proponents;
- support the growth and development of a vibrant economy; and
- enhance business and industry capability through training, skills development and technology transfer.

Achievement of these objectives should also:

- foster stronger regional economic development;
- encourage project proponents to establish project offices and operations bases in Western Australia;
- facilitate international contacts and strategic alliances between local and global firms;
- promote wider access for local goods and services to international markets; and
- ensure that the benefits of industry development are shared across the Western Australian community.



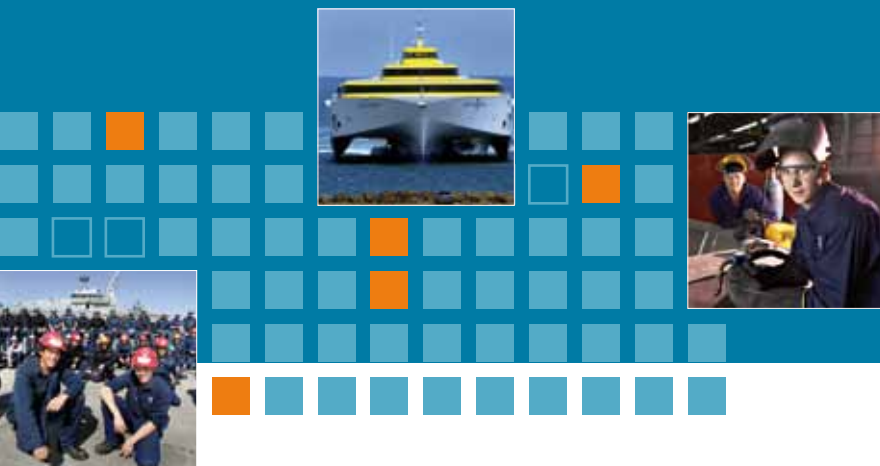
Key initiatives

- Development and promotion of Procedural Guidelines.
- Ongoing support for the Industry Capability Network WA in its role of working with project proponents, local industry and government to maximise the opportunities for local industry participation in major development projects in Western Australia.
- Introduction of a requirement for Industry Participation Plans for:
 - all government-funded projects or contracts meeting benchmark criteria;
 - all private sector projects where the government makes a significant financial contribution; and
 - all projects which intend utilising the Commonwealth's Enhanced Project By-Law Scheme (EPBS) administered by AusIndustry.

Developers of projects outside of the above criteria will be encouraged to prepare an Industry Participation Plan where a significant opportunity for Western Australian participation has been identified.

- Ensure that Industry Participation Plan requirements under this Policy, for private sector projects, are consistent with and do not duplicate, Australian Industry Participation Plan requirements for the EPBS.
- Government Trading Enterprises and other State agencies will ensure that Industry Participation Plans are prepared for all eligible projects. They will also be required to report on a Plan's implementation and outcome and provide annual updates on the level of local industry participation in their projects.

- A broadened focus on promoting increased opportunities for local companies in the provision of goods and services to the public and private sectors, beyond the traditional focus on the construction of resource projects.
- Strategies to enhance business and industry capability through training, skills development and technology transfer.
- Government provision of infrastructure to support increased local industry capability.
- Ensure application of the Buy Local Policy in all public sector procurement contracts.
- Special focus will be paid to promoting the participation of local indigenous enterprises in public sector projects and contracts.
- Establishment of a Local Content Unit in the Department of Commerce.
- Encourage the private sector to consider local content in their qualitative contract evaluation criteria.



Procedural guidelines

The Building Local Industry Policy Procedural guidelines provide the detail needed to implement the Building Local Industry Policy. The guidelines identify what government departments, agencies, Government Trading Enterprises and private project proponents need to do to comply with the Policy. The guidelines also provide the procedures for developing plans and reporting on them, as well as sample formats and examples. The guidelines are consistent with the guidelines for the development of Australian Industry Participation Plans (AIPPs) under the EPBS. AIPPs developed in accordance with the EPBS guidelines and approved by AusIndustry will fulfil the obligation to produce a plan according to Western Australia's Building Local Industry Policy.

Enhancing business and industry capability

One of the primary aims of the nationally agreed Australian Industry Participation National Framework is the promotion, development and maintenance of a sustainable, competitive Australian industry capability. The government is committed to working with industry to develop international competitiveness by working with developers of major public and private sector projects to adopt strategies to:

- encourage industry to meet world's best practice through capability building;
- identify and remove or reduce impediments to local industry competitiveness;
- identify local industries where competitive advantage can be maximised; and
- encourage local suppliers to engage in partnerships and joint ventures with interstate and overseas companies and to seek pre-qualification and register on vendor databases.



The Industry Capability Network WA

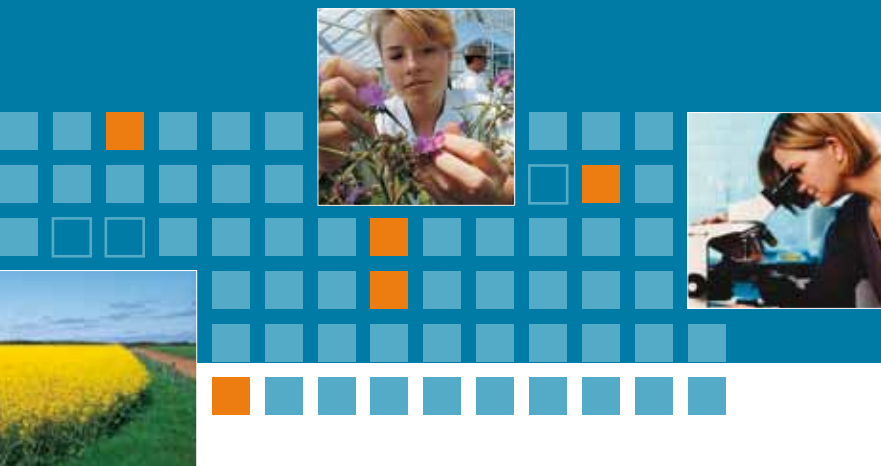
The Industry Capability Network WA (ICNWA) is a specialist Western Australian and Australian vendor identification service provided as a joint industry-government initiative.

ICNWA is also part of the Australia-wide ICN network assisting project proponents to ensure they are not paying a premium on imported equipment, spare parts and services that can be obtained at a more competitive life-cycle cost from local suppliers.

The ICNWA vendor identification service is aimed at enhancing the global competitiveness of purchasers and their projects, while at the same time supporting local industry participation. The implementation of the Building Local Industry Policy is dependent on the ICNWA supporting major project proponents. The Department of Commerce has a coordination role in ensuring the provision of early advice to the ICNWA on project proponents' contact details.

The ICNWA's role is to:

1. link project proponents and public sector agencies with local companies that can provide appropriate goods and services to meet the project's technical, quality and commercial requirements;
2. identify to major project proponents the potential for Western Australian and Australian industry for the uptake of overseas technology;
3. identify, where appropriate the needs for Western Australian industry to undertake innovation, research and development of technology required in major projects, and provide the appropriate referrals;
4. provide assistance to major project proponents and relevant stakeholders on the development and implementation of Industry Participation Plans;
5. provide services of ICNWA specialist staff to major project teams to pre-qualify Western Australian and Australian industry capabilities against specific project requirements;
6. provide advice to senior government staff and their agents on the capabilities and competitiveness of Western Australian industry for the supply of goods, equipment and services;
7. represent the principles and benefits of the Building Local Industry Policy; and
8. evaluate the outcomes of Industry Participation Plans and report to the Department of Commerce the benefits to Western Australia from the Building Local Industry Policy.



Industry participation plans

One of the key elements of the Building Local Industry Policy is the requirement for project developers to prepare an Industry Participation Plan (IPP) for:

- all government funded projects or contracts meeting benchmark criteria;
- all private sector projects where the government makes a significant financial contribution; and
- all projects which intend utilising the Commonwealth's Enhanced Project By-Law Scheme (EPBS).

Developers of projects outside of the above categories will be encouraged to prepare an IPP where a significant opportunity for Western Australian participation has been identified.

The purpose of the IPP is to show how project proponents plan to include Western Australian industry in their project-wide procurement strategy.

The IPP needs to demonstrate how local industry will be given full, fair and reasonable opportunity to supply goods and services to the project's development and operational stages.

The Local Content Unit at the Department of Commerce can assist project developers by providing advice and guidance regarding IPP matters, including advice on whether an IPP is required, exemptions and the content of the IPP. For more information about the format and content of IPPs, visit www.commerce.wa.gov.au.

Local Content Unit

A Local Content Unit has been established within the Department of Commerce to oversee and drive the government's approach to promoting local industry participation.

The unit works in a cooperative relationship with developers, local industry, other government agencies and the ICNWA to maximise opportunities for Western Australian industry.

Through the Minister, the unit will report annually on its achievements in relation to increased local content and job opportunities.



Contacts

For further information on the Building Local Industry Policy, and to obtain copies of the Australian Industry Participation National Framework and Building Local Industry Policy Procedural Guidelines please contact:

**Local Content Unit
Manager
Industry Participation**
Department of Commerce
1 Adelaide Terrace
East Perth WA 6004
TEL: +61 8 9263 8025
FAX: +61 8 9263 8100

**Industry Capability Network WA
Manager**
ICNWA
180 Hay Street
East Perth WA 6004
TEL: +61 8 9365 7629
FAX: +61 8 9365 7550