GOVERNMENT OF
WESTERN AUSTRALIA

Department of
**Primary Industries and
Regional Development**

LOCAL CONTENT IN THE REGIONS REPORT

2019 - 20

dpird.wa.gov.au

MINISTER'S FOREWORD

INTRODUCTION AND BACKGROUND

This Report presents Local Content outcomes for Regional WA and provides a focal point for Local Content and regional economic development practitioners.

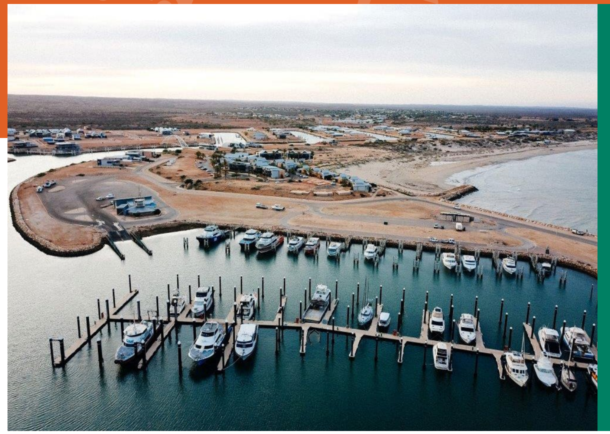
In 2018 the Local Content Adviser Network (LCAN) was established and since that time has worked across Government and industry to improve Regional WA's share of procurement through Government. The Network engages extensively across business and industry in all regions in support of Local Content in Government procurement.

COVID-19 carried impacts for regional Small to Medium Enterprise (SME) in 2019-2020 and those impacts are evident through the Local Content annual outcomes for the regions. In particular, during the fourth quarter of the 2019-2020 financial year procurement activity slowed and business operations were disrupted. This is notable because, when tracked quarterly, contract award data shows the fourth quarter is typically the most active quarter in terms of the value and number of contracts awarded. It is anticipated COVID-19 will continue to impact Local Content outcomes in the regions beyond 2020-2021.

Whilst Government devised appropriate and targeted responses regional business had to adapt to new ways of operating, supplying, and communicating. These events and the necessary adaptations by business presented both challenges and opportunities.

Local Content issues and impacts in Regional WA remain a priority for Government and there has been steady progression with specific lines of inquiry, such as:

- Multi-region procurements and implications for the regions
- The relationship between procurement, regional business capability and supply constraints



- The impacts of Agency specific procurement logic on regional sourcing, such as defined purchasing zones and contract structuring
- Preparing and skilling regional Aboriginal businesses to supply to Government

This report relies upon records of contract award summaries* provided by the WA Department of Finance, and we extend our thanks for their ongoing support of the Local Content Adviser Network and its objectives.

See Important Disclaimers on page 35

PART 1

CRITICAL LOCAL CONTENT ISSUES FOR REGIONAL WA

Local Content or 'Buying close to home' is a principle known to many within and outside of Government and procurement. The principles and practices have been adopted within our regions to create opportunities and increase participation for regional businesses over decades.

Engaging public procurement processes to bring about regional economic development outcomes is not entirely new; the practice is guided by the logic:

"By focusing Government's purchasing power on suppliers that are connected to local supply chains, a procurement can not only secure the supply of a good or service, but also have a range of flow-on effects." (i)

The *Local Content in Government Procurement* report (Report 25: December, 2017) released by the WA Office of the Auditor General states in the Auditor's Overview:

"As well as competing globally, business in WA wants to secure local opportunities, including those that come from government procurement. Government wants to support local and regional companies and the jobs they provide." (ii)

So, what has changed for Local Content following the Auditor General's Report and what is the progress to date with Government focusing on 'Buying close to home' as a tool for unlocking economic development potential?

Putting evidence around Local Content outcomes in the regions remains a priority – although a complex task; beneath those measures lies the capability and capacity of regional businesses currently supplying or aspiring to supply to Government.

In 2018 annual baseline data for procurement by Government in the regions was published in the *Local Content Adviser Network Annual Report 2018-19*. In 2020-2021 efforts to support the collection of longitudinal Local Content datasets commenced. It is hoped an ability in the near future to cast a longer lens on local content will enable the identification of longer term procurement and regional capacity and supply trends.

The challenge for Local Content is to progress our collective understanding of barriers to increasing regional supply, and identify causal relationships between demand and supply and procurement practice through an empirical evidence base.

The critical issues for supporting Local Content in the regions are:

- Coordinating demand by Government in line with regional business capacity to supply
- Ensuring regional labour forces are skilled and able to take up opportunity
- Normalising doing business in the regions more broadly, so regional businesses have equal opportunity to participate in supply chains

PART 2

WORKING WITH REGIONAL BUSINESS AND INDUSTRY

THE REGIONAL LOCAL CONTENT INITIATIVE

The Regional Local Content Initiative (the RLCI) delivers projects to assist regional Small to Medium sized Enterprises (SMEs) to compete for public supply contracts.

In 2019-2020 COVID-19 initially limited the Local Content Adviser Network's face-to-face contacts in the regions. After some delays the Network hit the ground running to cultivate regional business expertise and opportunity.

By supporting business growth in the regions, the investment will generate flow-on benefits for regional economies and create employment opportunities for our regional labour force.

In 2019-2020 the Network had positive outcomes through collaborations and partnerships such as with WALGA, to deliver information sessions across regional WA.

In most regional areas Local Councils and Shires are critical to micro economies, and businesses often use supplying to Local Government to build their experience and as a stepping stone to further opportunity.

11 Information Sessions hosted for SMEs in 2020

268 total attendees

Some success stories through the RLCI in 2019-2020

Through its Local Content in the Regions series delivered through AUSTEREO's Rural Focus radio program the LCAN was able to reach out to a large demographic of regional listeners and contractors to promote awareness of supplying to Government. Southern Cross Austereo put listenership during the time of the series' broadcasts at over 200,000.

The Gascoyne Aboriginal Business Development Forum took place in Carnarvon with 64 people attending the two-day event. Feedback from this Forum indicated attendees felt very inspired. The Forum was led by the Gascoyne Development Commission (GDC) to give participants information necessary to start a business. The GDC also provided ongoing support through an Aboriginal Economic Development Officer based at the GDC.

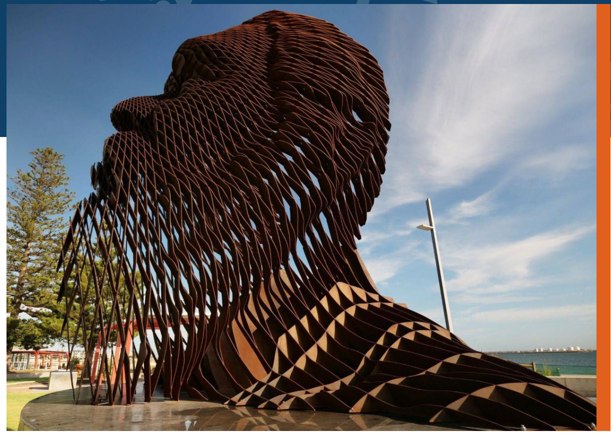
The month-long Bunbury Outer Ring Road (BORR) 'Tradie Hour' radio series in June 2020 promoted opportunity for local civil and aligned industries to work on the $852 million BORR project in the South West in 2021. This series featured short interview slots between 6 to 7am with Main Roads WA, the Bunbury Geographe Chamber of Commerce and Industry and the LCAN. Following this, in excess of 240 local business registered an interest in supplying for the project.

The LCAN partnered to support the Binarri-Binyja Yarrawoo business survey launch in the East Kimberley to assist with obtaining baseline data on Aboriginal businesses to further assist with Aboriginal economic development in the region. The Survey results shone light on the strengths of East Kimberley Aboriginal Enterprises along with their challenges and has been beneficial in informing new ways of supporting those vital local enterprises.

The Serpentine Jarrahdale Shire forum 2020.

Left to right: Therese Esjak, Local Content Adviser Peel, Andrew McKerrell General Manager Peel Chamber of Commerce and Industry, John O'Neill Manager Economic Development, Tourism and Marketing Shire of Serpentine Jarrahdale, Brenda Carrall Coordinator of Procurement Shire Serpentine Jarrahdale, Ellionore Buchan Senior Procurement Officer WALGA.

CASE STUDY: THE ART OF LOCAL CONTENT



The work of a Local Content Adviser is not just about roads, hospitals and specifications. It frequently presents unexpected and diverse challenges, and from one day to the next an Adviser's job leads them down new pathways in procurement.

To get Local Content wins an Adviser often has to be part detective, a little bit crafty, and exceptionally persistent when it comes to chasing down opportunities for Regional SMEs.

In 2020 the LCAN discovered the work of Art Coordinators delivered through the *Art Coordination Services Panel 2018*. Through this Panel Art Coordinators are utilised for Public Art Projects included in the *Percent for Art Scheme*, which is a broad government strategy to stimulate greater use of art in the built environment. The Scheme's purpose is to commission artworks conceptually integrated with buildings or surroundings and contributing to a better environment for people to work in or visit.

The Panel was established in January 2018 comprising of 11 panellists, with two of those panellists living and working in Regional WA.

Regional WA has thriving arts communities. Naturally the LCAN decided that this was an area worthy of exploration and development.

Wheatbelt LCA Megan Creagh took the baton for the Network and set about investigating the Art Coordination role and the qualifications and experience required to be an Art Coordinator.

She then started her search for regional Art Coordinators and started some conversations in the Wheatbelt. But not just that – Megan threw the challenge to Local Content Advisers in other regions to find suitable and interested regional candidates to do this work for Government.

So the starter's gun went off! Advisers set about connecting through local networks and hunting down candidates to make them aware of this opportunity. The Network is currently working with Finance to identify and assess the capabilities of potential Art Coordinators from the regions. And without any irony … watch this space.

> *"Learn the rules like a pro so you can break them like an artist." – Pablo Picasso*

PART 3

ENGAGING OUR REGIONS

2019-2020 LOCAL CONTENT ADVISER NETWORK ENGAGEMENT

The LCAN team is activated across regional WA and focused on building relationships across Government and Industry. Local Content Adviser engagement activities are classified as seven activity types.

	TOTAL LCA ENGAGEMENTS ACROSS REGIONAL WA – 2019-2020*							
REGION	GOVERNMENT AGENCY ENGAGEMENT	WAIPPS	MEDIA	INDUSTRY ENGAGEMENT	TENDER OPPORTUNITY PROMOTION	ABORIGINAL BUSINESS OPPORTUNITY	BUILDING BUSINESS CAPACITY	TOTAL
GASCOYNE	75	1	0	56	49	21	27	229
GOLDFIELDS ESPERANCE	100	8	48	139	50	46	22	398
GREAT SOUTHERN	135	2	21	165	51	28	28	409
KIMBERLEY	68	5	0	103	102	59	14	290
MIDWEST	260	6	8	120	178	149	93	806
PEEL	83	12	3	53	52	38	48	286
PILBARA	61	5	2	845	565	15	32	1523
SOUTH WEST	100	2	10	115	62	38	33	360
WHEATBELT	99	8	188	73	30	36	46	139
TOTAL	981	49	280	1668	1079	430	343	4440

PART 4

REGIONAL SUPPLIER MARKETS AND BUSINESS CAPABILITY

Michael Warner is the author of the leading study *Local Content in Procurement: Creating Local Jobs and Competitive Domestic Industries in Supply Chains* in aid of those working in public procurement, policy, and strategy. His core thesis is that "large-scale procurement … has been overlooked as a means to strategically and tactically develop national industries and generate employment". (iii)

There are two suggested focal causal factors behind Local Content lost opportunities; either regional business capability deficits or procurement practices that disadvantage local suppliers.

Warner contends that accurate information about domestic supply markets is critical and that:

> *"Too many procurement strategies are prepared with insufficient information about the capability of domestic suppliers' markets."* (iv)

Flynn's study on into re-thinking SME disadvantage suggests "public procurement is challenging for SMEs on multiple levels", including "not only bureaucratic tendering systems and onerous qualification criteria, but also excessive risk aversion … and a public sector marketplace that operates in ways unfamiliar to small firms". (v)

On this basis the LCAN has been working to assist Government with understanding regional SME responsiveness, strengths and capabilities, and the possible limits of local supply, and where strategic opportunity exist to increase local supply.

Each region has a unique capability profile and each faces different hurdles to meet demand from the WA Government

The challenge for optimising local content in regional WA lies in the uniqueness of our nine regions. Not all regions are on the same local content playing field: some regions are supply 'all-rounders', some are more capable than others in certain supply types, and some struggle to participate in supplying to Government across many supply types.

On the procurement practice front, much work is being done across Government through the procurement reform process already underway. This reform process is responding issues which may impact regional suppliers.

Some remedies to recover lost opportunities in the regions may be relatively straightforward, but others require longer term efforts to support enabling environments in the regions through which businesses can grow output and increase their experience and capability.

In 2020-2021 the LCAN reporting team began classifying all single region contracts awarded across regional WA into seven categories of works or goods and services, in support a producing a first set of regional business capability profiles based on five year regional supplier data.

It is anticipated that a first series of capability profiles can be released in the near future. Monitoring of Multi-region and Statewide regional supplier contract data also commenced in 2020-2021 and is anticipated to further inform profiling efforts.

Initial profiling of each of the nine regions is included in Part 6. The classification table showing supply sub types for each of the seven main supply categories is included in Appendices.

CATEGORIES:

- CIVIL CONSTRUCTION AND / OR MAINTENANCE
- BUILDING & CONSTRUCTION
- TECHNICAL OR SPECIALIST SERVICES
- PROFESSIONAL / ADMINISTRATIVE OR OPERATING SERVICES
- COMMUNITY SERVICES
- SUPPLY OF GOODS
- TRANSPORT

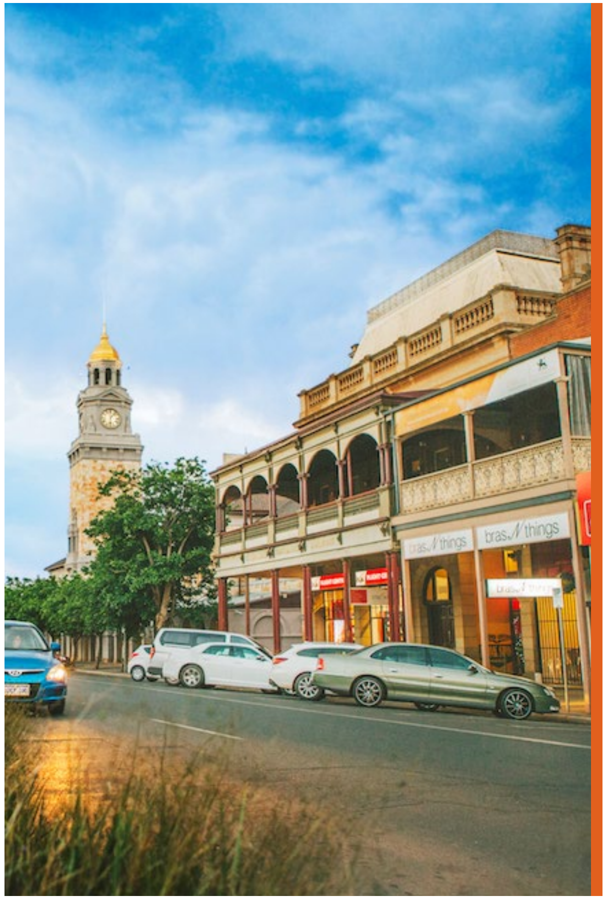
PART 5

SINGLE REGION CONTRACT AWARD DATA FOR REGIONAL WA 2019-2020

Monitoring of Single region contract spending across regional WA for local content outcomes commenced in 2018.

% OF THE VALUE OF SINGLE REGION CONTRACTS AWARDED TO LOCAL SUPPLIERS ACROSS ALL REGIONS

CONTRACT VALUE RANGE	% OF VALUE AWARDED TO LOCAL SUPPLIERS 2019-2020
UNDER $50,000	51%
$50,001 TO $250,000	54%
$250,001 TO $500,000	55%
$500,001 TO $1 MILLION	64%
$1,000,001 TO $5 MILLION	46%
$5 MILLION TO $50 MILLION	29%
OVER $50 MILLION	42%



REGION	VALUE OF SINGLE REGION CONTRACTS AWARDED TO LOCAL SUPPLIERS			NUMBER OF LOCAL SUPPLIERS AWARDED		
	TOTAL ANNUAL EXPENDITURE 2019-2020 (MILLION)	VALUE TO LOCAL SUPPLIERS 2019-2020 (MILLION)	% OF VALUE AWARDED TO LOCAL SUPPLIERS 2019-2020	TOTAL SUPPLIERS AWARDED 2019-2020	LOCAL SUPPLIERS AWARDED 2019-2020	NUMBER OF LOCAL SUPPLIERS AWARDED OVER TOTAL NUMBER OF SUPPLIERS (%) 2019-2020
GASCOYNE	$24.3	$21.9	90%	28	19	68%
GOLDFIELDS ESPERANCE	$92.7	$23.7	26%	115	67	58%
GREAT SOUTHERN	$37.6	$18.3	49%	81	41	51%
KIMBERLEY	$141.6	$96.6	68%	247	182	74%
MIDWEST	$142.4	$98.9	69%	106	70	66%
PEEL	$45.8	$2.3	5%	45	9	20%
PILBARA	$214.2	$23.3	11%	143	69	48%
SOUTH WEST	$46.6	$26.5	57%	160	96	60%
WHEATBELT	$62.9	$24.4	39%	124	30	24%
PERCENTAGE TOTALS			42%			52%

PART 7

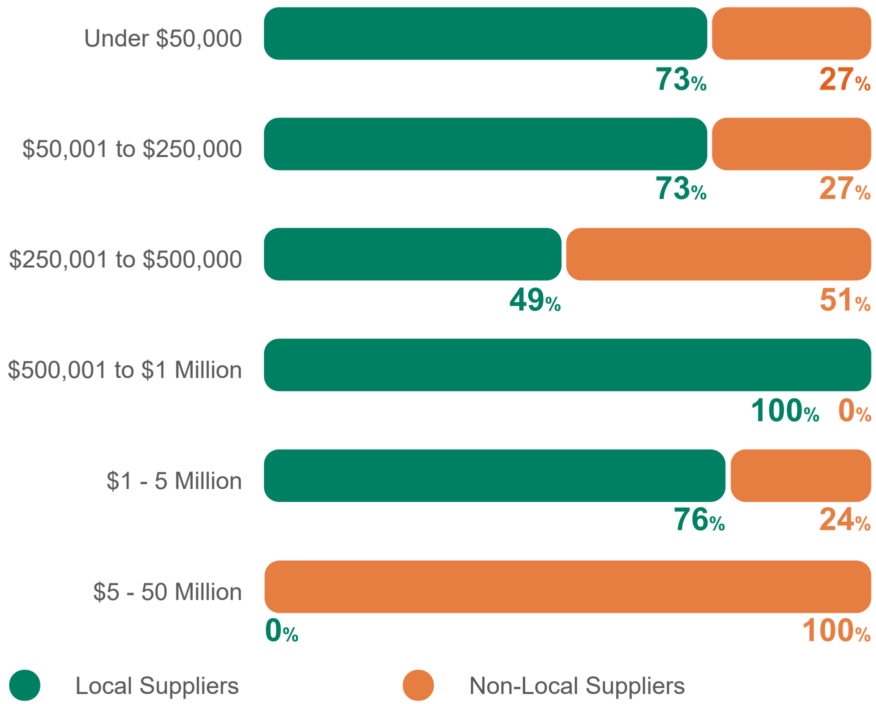
REGION SPECIFIC SNAPSHOTS: KEY LOCAL CONTENT INDICATORS FOR EACH REGION

GASCOYNE LOCAL CONTENT DASHBOARD

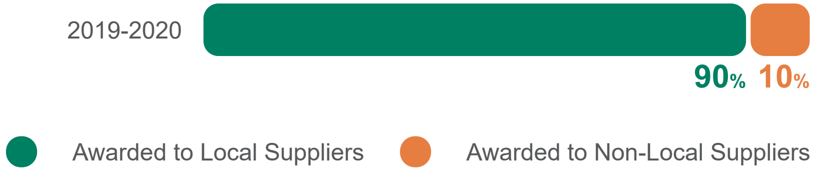
2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

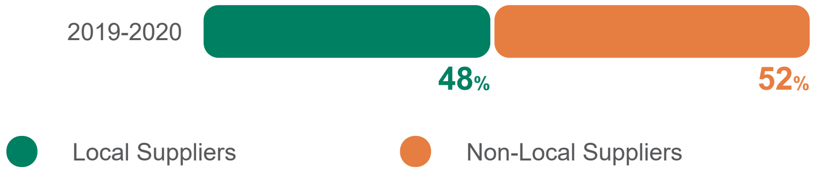
% GASCOYNE LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES



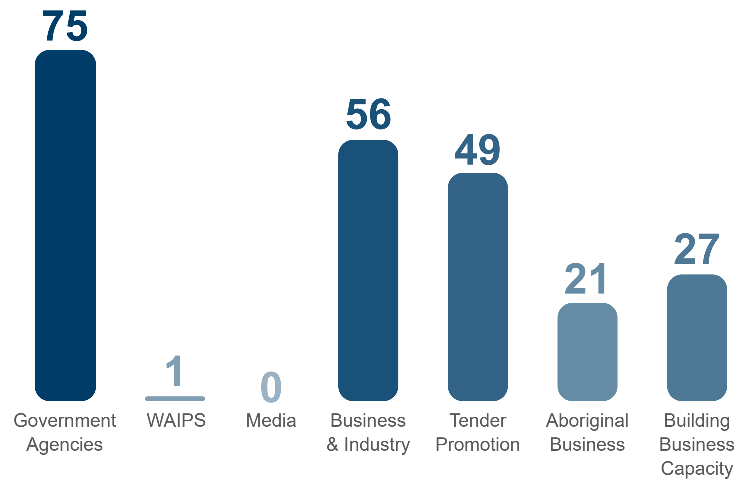
GASCOYNE CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)

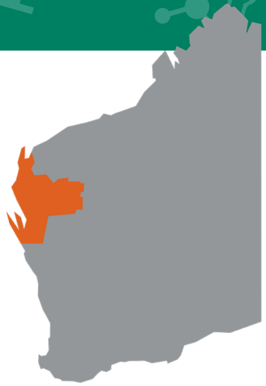


GASCOYNE SUPPLIERS: LOCAL VS NON-LOCAL (%)



ENGAGEMENTS IN THE GASCOYNE





GASCOYNE
REGIONAL BUSINESS CAPABILITY

2019 - 2020

Gascoyne's local supply to Government across all types of works and goods and services single region contracts appears to peak at around $20 million per annum

Gascoyne performs relatively well in meeting WA Government demand in most supply types excluding Civil Construction and Maintenance. The upper limit of supply in each of the other supply classes appears to peak at around $4.5 million per annum.

Although 2019-2020 was a fruitful Local Content year for the Gascoyne, most of the building and construction demand was met through the award of a significant contract to a Mid-west business.

Across the Civil Construction & Maintenance class more work needs to be done to quantify Local supply chain value dynamics and civil sub-contracting capabilities; this understanding could inform Government on the upper limits of local supply in the region.

Opportunity exists for procuring Agencies to coordinate more in the earliest stages of planning upcoming projects with a view to optimising Local Content in the Gascoyne. Early interventions should include increased cross Agency coordination of information sharing on the value and timing of upcoming works and procurements, and expected labour and critical skills demands.

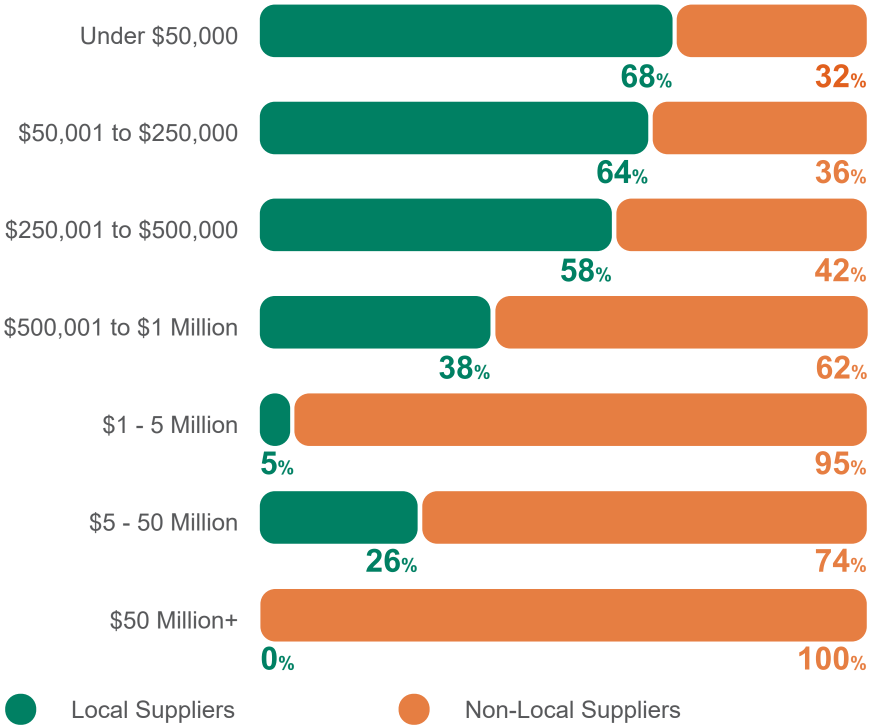
GOLDFIELDS ESPERANCE

LOCAL CONTENT DASHBOARD

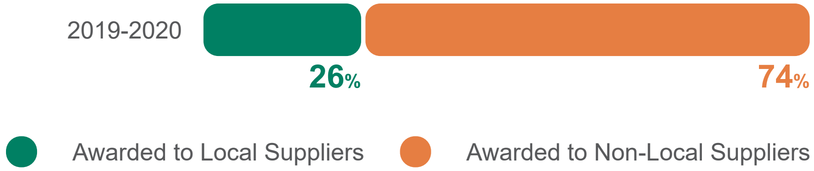
2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

% GOLDFIELDS LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES

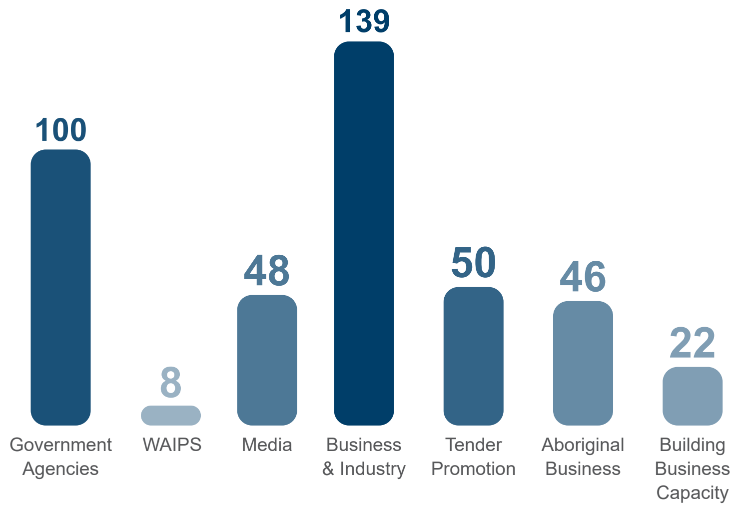


GOLDFIELDS CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)



GOLDFIELDS SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE GOLDFIELDS



GOLDFIELDS ESPERANCE

REGIONAL BUSINESS CAPABILITY

2019 - 2020

In 2019-2020 a gap emerged between Government demand and local supply in the Building and Construction contract class. Total spending on single region Building and Construction contracts in 2019-2020 was $41.8 million, with local supply on those contracts being $11.2 million, amounting to a gap of $30.6 million in local supply.

It's unclear if this gap is attributable to skills or capability deficits in the region or to extraneous factors such as housing and accommodation shortages or skills demand from the private sector and other regions.

The second most significant gap emerging in 2019-20 was in the supply class of Professional, Administrative or Operating Services, indicating an area for further Local Content opportunity.

In 2019-2020 there was a range of these service contracts awarded to suppliers from outside of the region.

Goldfields demand on single region contracts was more or less met by local supply steadily in 2017 and has continued to be met. There would be an expectation in a region predominated by mining that demand on civil contracts would be met through local supply. Contract award data supports that Government demand for Civil Construction and Maintenance has been mostly met through local supply from 2017 onwards. More work needs to be done through coordinated supply chain data collection efforts to ascertain the value of subcontracting activity in the region.

GREAT SOUTHERN LOCAL CONTENT DASHBOARD

2019 - 2020

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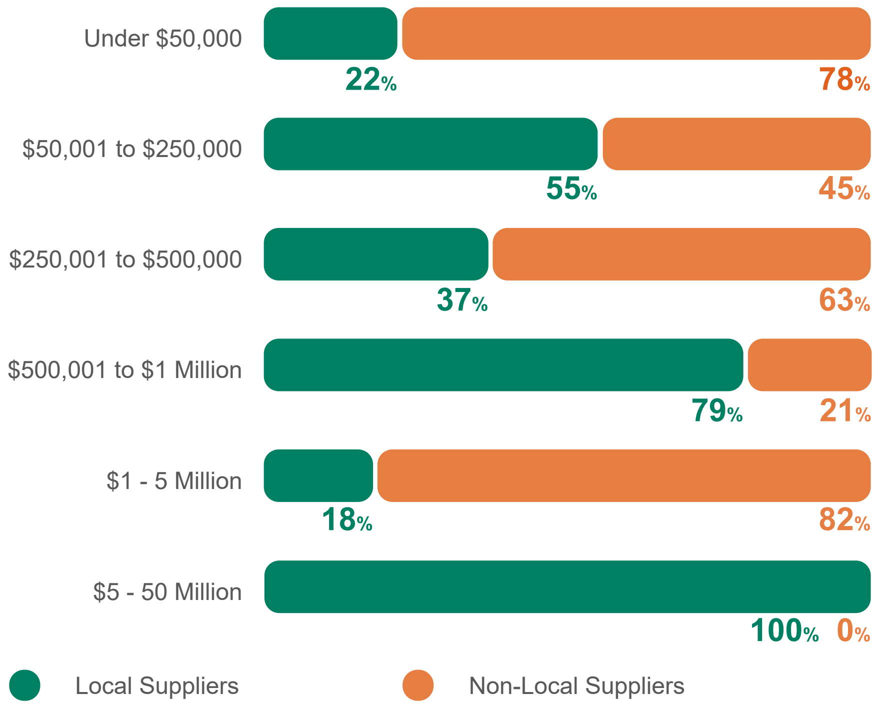
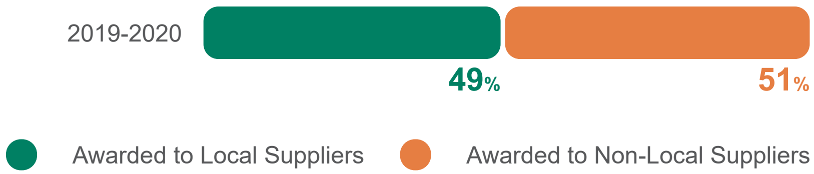
% GREAT SOUTHERN LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES

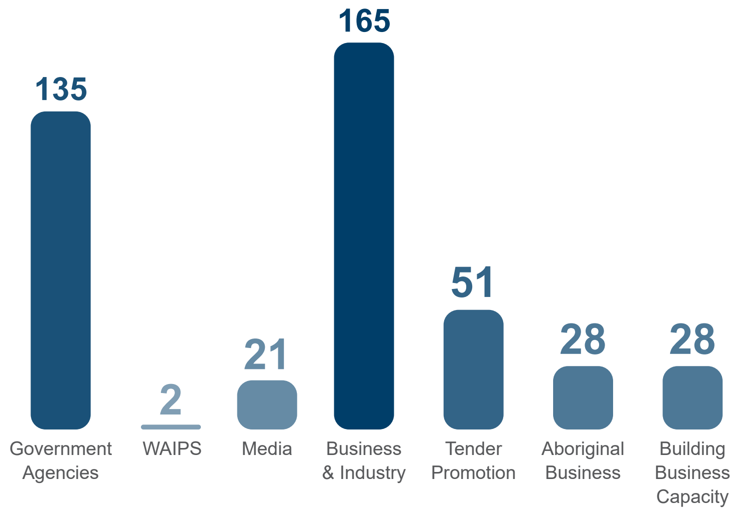


GREAT SOUTHERN CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)



GREAT SOUTHERN SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE GREAT SOUTHERN



GREAT SOUTHERN
REGIONAL BUSINESS CAPABILITY

2019 - 2020

Analysis of the Great Southern indicates a healthy Building and Construction industry, with the only indicator of a drop in local supply being through delivery of the Albany Health Campus in 2016-2017. This series of Health Campus redevelopments across regional WA similarly influenced Building and Construction local content indicators in other regions.

The capability of Great Southern suppliers appears variable across certain supply classes. The region's Professional Services suppliers have consistently met Government demand, however contract award data suggests there may be an emerging gap between Technical and Specialist Services demand and local supply.

Similar to the Mid-West region, the level of the Great Southern's supply of Community Services through single and multi-region contracts is unclear. More work needs to be done to understand the region's capability in this supply class.

More research needs to be conducted to ascertain Civil Construction and Maintenance supply chain metrics in the region, and to interrogate barriers to local suppliers winning civil contracts valued at over $1 million.

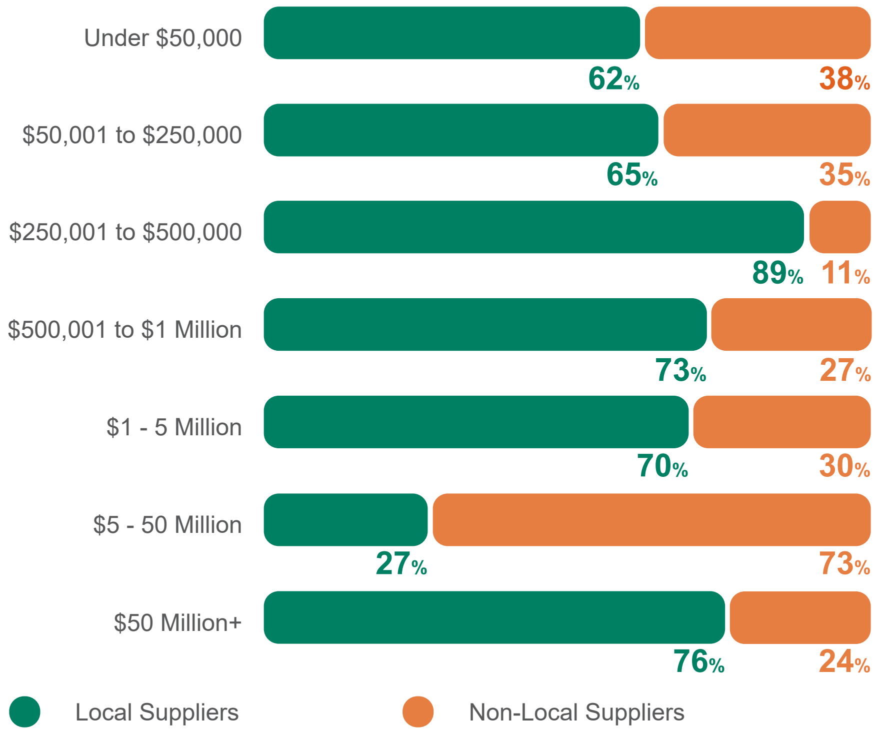
Opportunity exists in the Great Southern for increasing the percentage and value of local supply of Community Services through single region and multi-region contracts.

KIMBERLEY LOCAL CONTENT DASHBOARD

2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

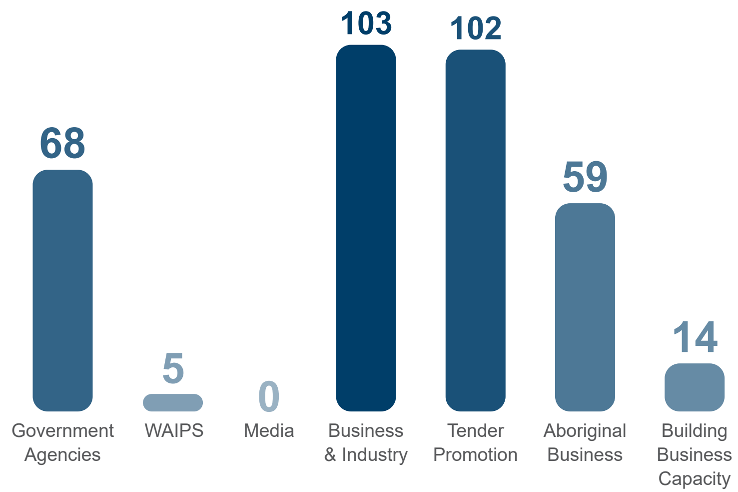
% KIMBERLEY LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES



KIMBERLEY CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)

KIMBERLEY SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE KIMBERLEY



KIMBERLEY
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The Kimberley outperforms all other regions in Local Content, with outcomes consistently exceeding 60 percent of the value of contracts and suppliers awarded per annum since at least 2017.

A capability lesson learned from the Kimberley: When supply cannot come from elsewhere, a region must lift in capability to service its own needs.

Opportunity exists for other regions to learn from Kimberley practice through mechanisms such as piloting innovative procurement models identified in early stages of project planning.

Kimberley’s local supply has been steadily ‘filling the gap’ in Aboriginal business participation in supplying to Government. The narrowing of this gap should be considered in the context of the Aboriginal Procurement Policy introduced in 2018.

Notably the Northern regions have outperformed the Southern regions in meeting the State’s Aboriginal Procurement Policy targets. This success in the North can be attributed to growth in the number of and maturity of Aboriginal businesses.

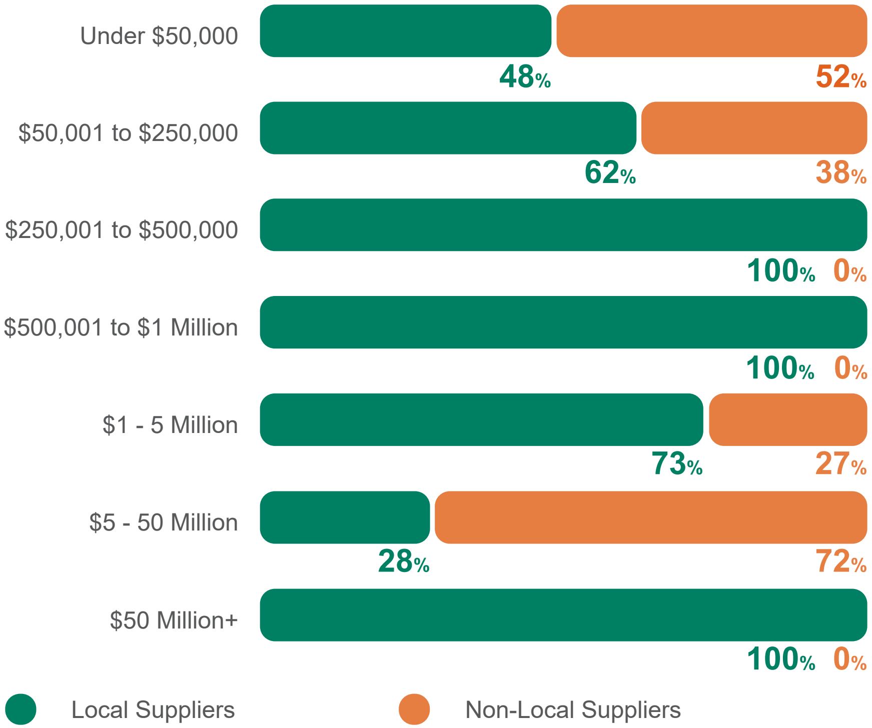
The only category where there is a noted gap between Kimberley demand and local supply is the supply of goods, likely due to the region’s geographical isolation.

MIDWEST LOCAL CONTENT DASHBOARD

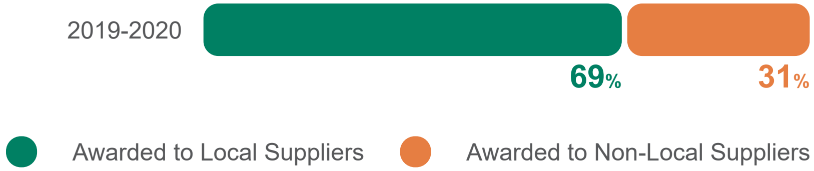
2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

% MIDWEST LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES

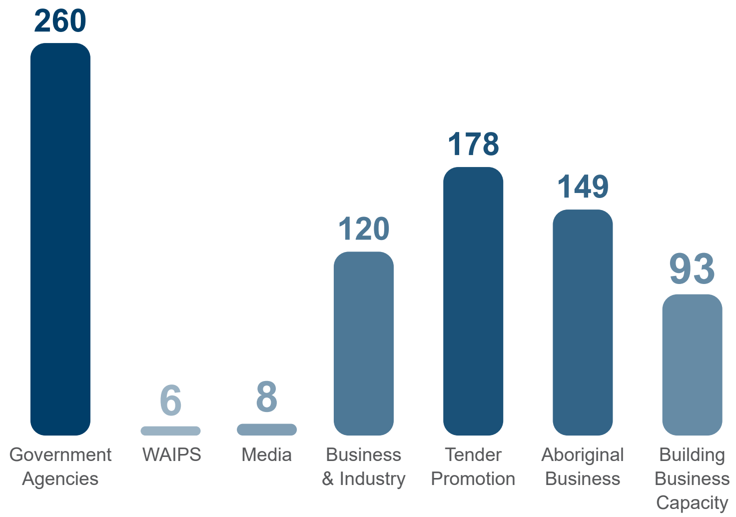


MIDWEST CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)



MIDWEST SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE MIDWEST



MIDWEST
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The Mid West has a positive Local Content story to tell, with indications being when demand rises the region steps up in supply efforts.

Geographical isolation from Perth is likely to be a factor in the region's business capability and capacity to supply. The Mid-West does not appear to encounter the types of skills and supply imbalances as parts of the Wheatbelt, where in areas with relative proximity to Perth contracts are 'picked off' by Metro based suppliers.

Civil Construction and Maintenance single region contract award data indicates more investigative work needs to be conducted to understand supply chain metrics in this region in this supply class, and to interrogate barriers to Mid-West Civil operators winning civil contracts valued at over $1 million.

The value of Building and Construction contracts awarded to local suppliers began to dip in 2017. When demand rose in 2019-20 local supply was able to meet around only 50% of demand, which may be attributed to a migration of skilled contractors out of Mid-West during the earlier drop in demand.

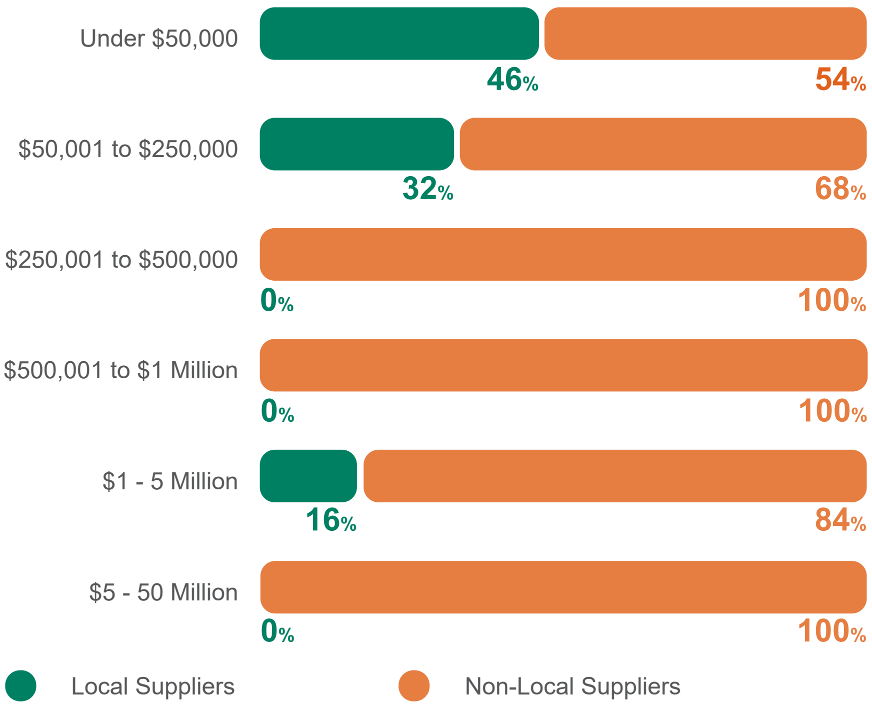
Similar to the Great Southern region, the level of Mid-West's supply of Community Services through single and multi-region contracts is unclear. More work needs to be done to understand the region's capability in this supply class.

PEEL
LOCAL CONTENT DASHBOARD

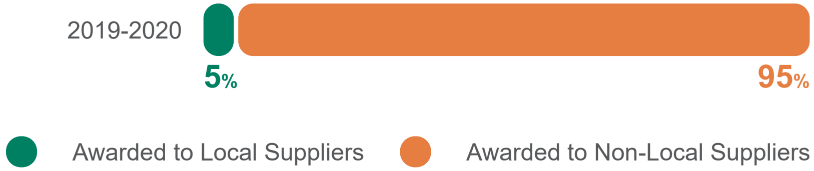
2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

% PEEL LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES

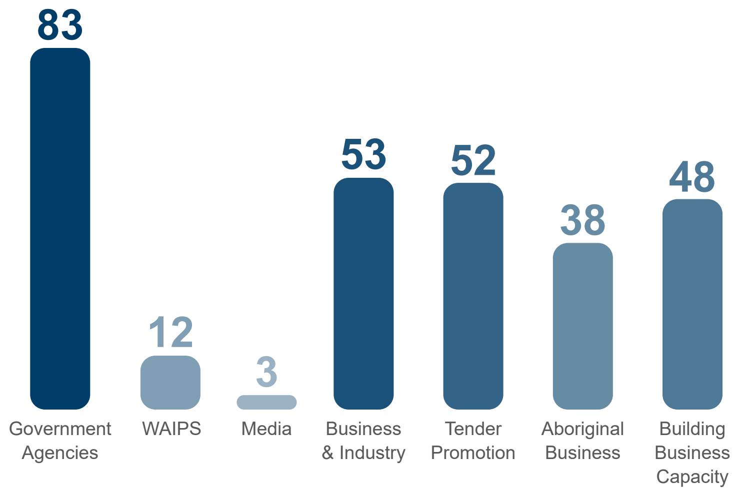


PEEL CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)



PEEL SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE PEEL



PEEL
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The *Local Content Adviser Network Annual Report 2018-19* noted that the Peel region faces distinct Local Content challenges.

These challenges arise through the common practice of 'bundling' Peel works and good and services contracts with other regions.

Peel's relative proximity to Perth appears to be playing out quite differently in terms of local content outcomes. Agencies may not be applying Regional Price Preferences in accordance with the Buy Local Policy in instances where Peel procurements are aggregated with Perth or other regions.

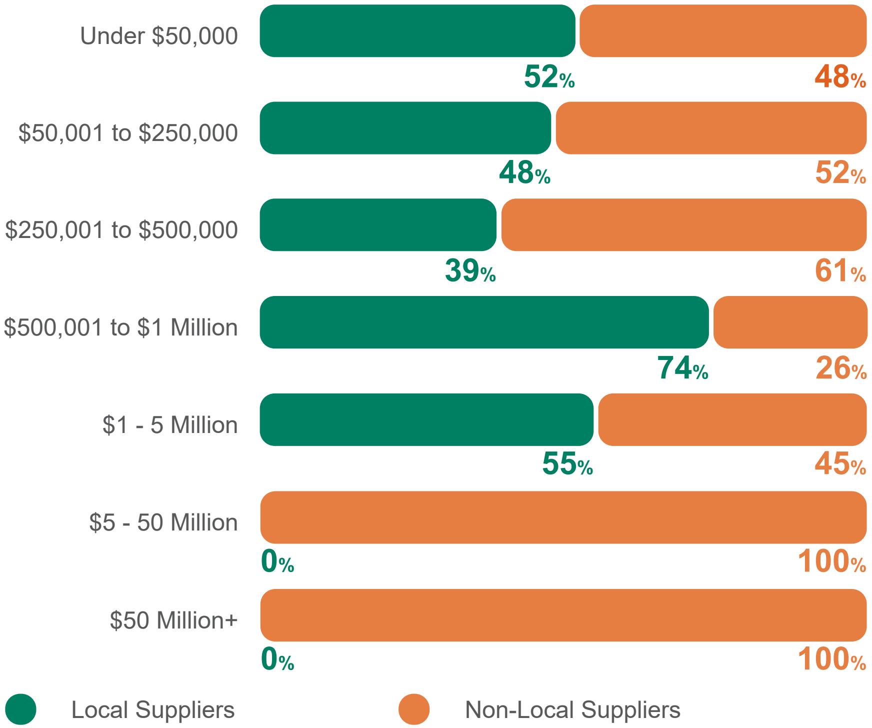
The practice of 'bundling' Peel procurements with Perth and other regions has resulted in a muted analysis of Peel business capability, due to either very low or no discernible demand in the Peel in most of the supply classes.

PILBARA LOCAL CONTENT DASHBOARD

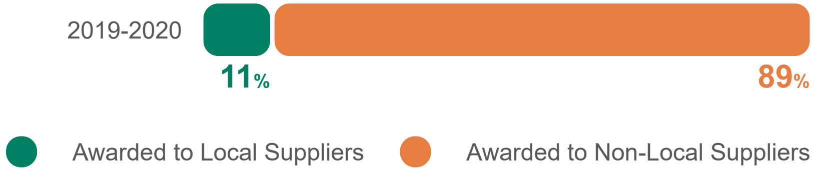
2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

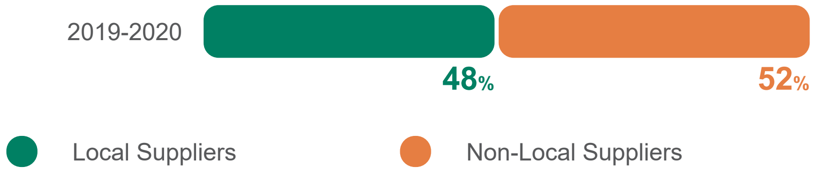
% PILBARA LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES



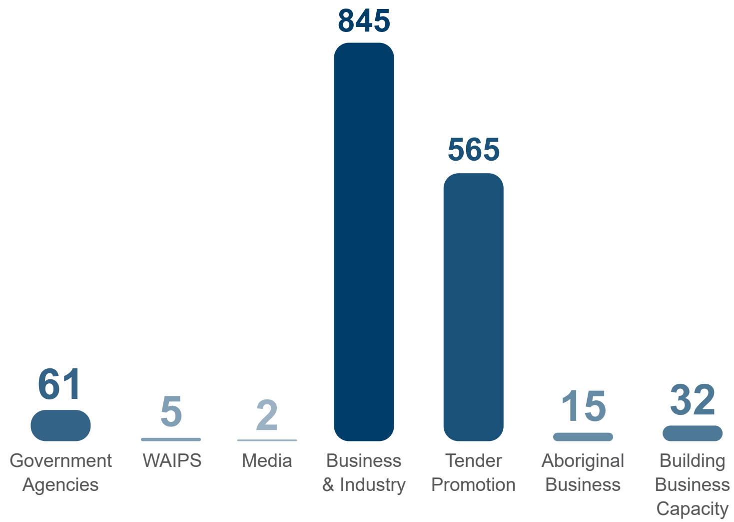
PILBARA CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)



PILBARA SUPPLIERS: LOCAL VS NON-LOCAL (%)



ENGAGEMENTS IN THE PILBARA



PILBARA
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The Pilbara has a Local Content profile unlike any other region and presents opportunity to design and deliver tailored strategies to optimise Local Content in the region

The Pilbara region has variable and somewhat unpredictable capabilities. Contract award data suggests regional suppliers do not supply to Government in the Technical & Specialist services supply class to any great level.

Given that this is a region predominated by industries requiring this expertise and skill set, we can assume that these services are either contracted in from outside the region, or they're in the region but the supply is fully taken up locally by private enterprise.

The value of Building and Construction supply to Government in the region appears to have an upper limit of $38 million per annum irrespective of demand.

Work needs to be done to ascertain the quantum of total demand in building and construction and investigate if, and possibly why, businesses in the region are not generally supplying to Government in this supply class.

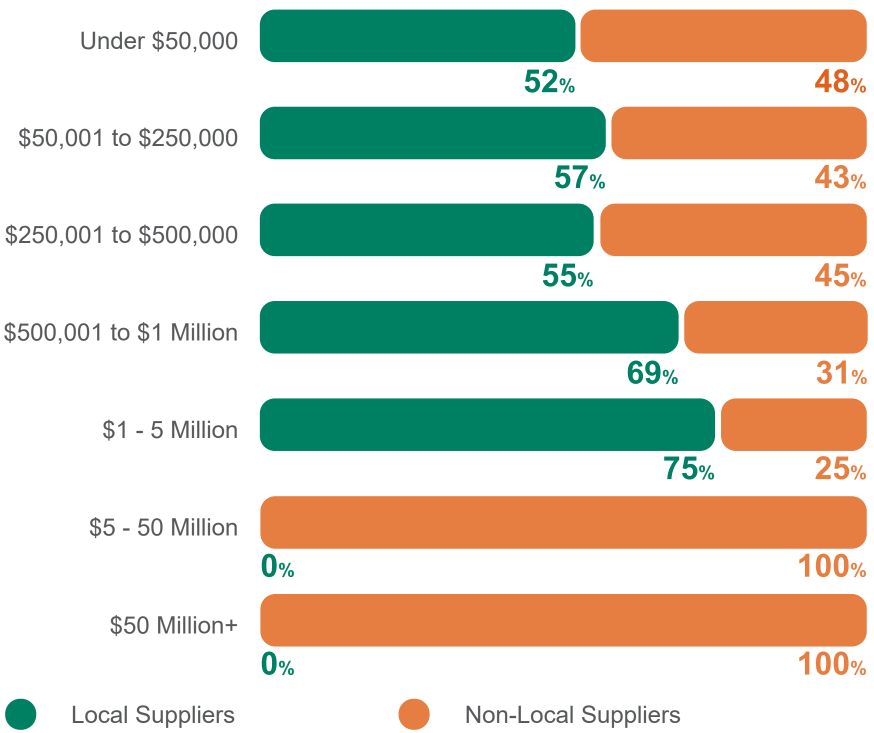
When combined, contract award results suggest there's opportunity for Government to focus on strategies to become a preferred client of suppliers based in the region.

SOUTH WEST LOCAL CONTENT DASHBOARD

2019 - 2020

THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

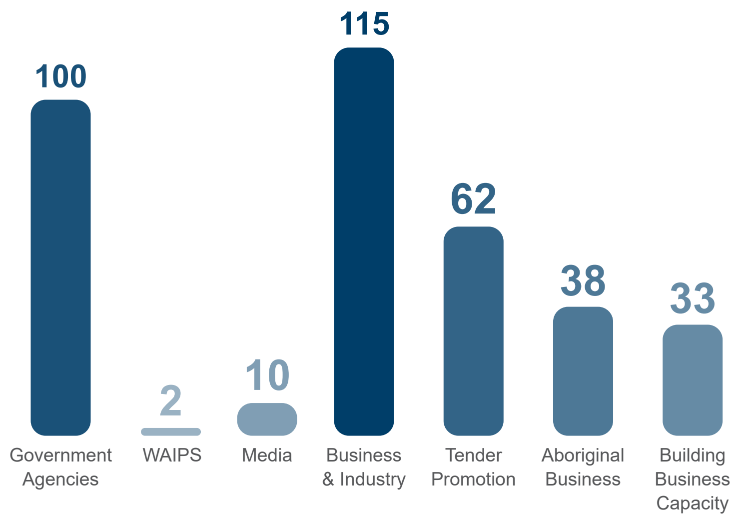
% SOUTH WEST LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES



SOUTH WEST CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)

SOUTH WEST SUPPLIERS: LOCAL VS NON-LOCAL (%)

ENGAGEMENTS IN THE SOUTH WEST



SOUTH WEST
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The South West is among the most capable regions, and demonstrates it is meeting demand from Government across most of the supply classes. In general, increases in demand have been met with corresponding increases in supply.

The migration of skilled professionals to the South West over the past two decades has contributed to an increase in the region's capability.

The benefits of attracting and retaining skilled professionals is evidenced in the region's Professional and Administrative Services Local Supply outcomes, where supply almost meets and also has consistently risen with demand.

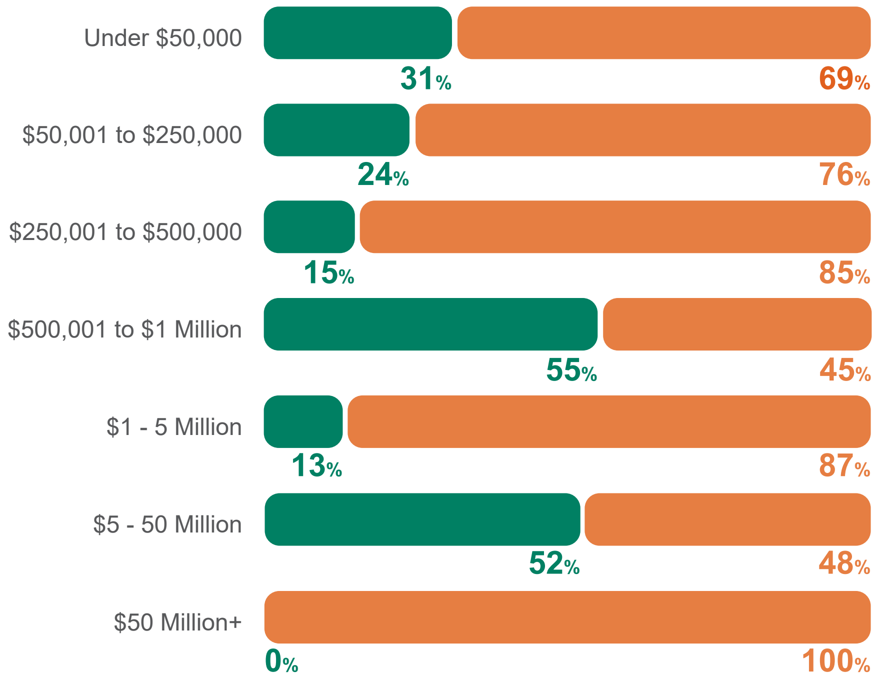
The South West is one of the few regions where we can see some of the results of single region contract awards in Civil Construction and / or Maintenance Class. There is a clear emergence of regionally based businesses growing in sophistication and capability in this class. There is an open opportunity to support and encourage businesses on this threshold to move towards delivering contracts above $10 million. This would also mean that genuinely South West businesses enter the Head Contracting arena.

WHEATBELT LOCAL CONTENT DASHBOARD

2019 - 2020

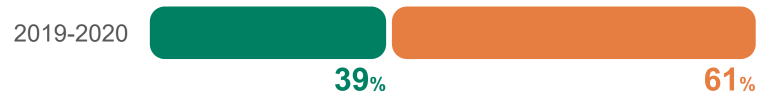
THIS SUMMARY IS DERIVED FROM ANALYSIS OF SINGLE REGION CONTRACTS AWARDED IN THE REGION.

% WHEATBELT LOCAL SUPPLIERS AWARDED IN CONTRACT VALUE RANGES



Local Suppliers   Non-Local Suppliers

WHEATBELT CONTRACTS AWARDED: LOCAL VALUE VS NON-LOCAL VALUE (%)

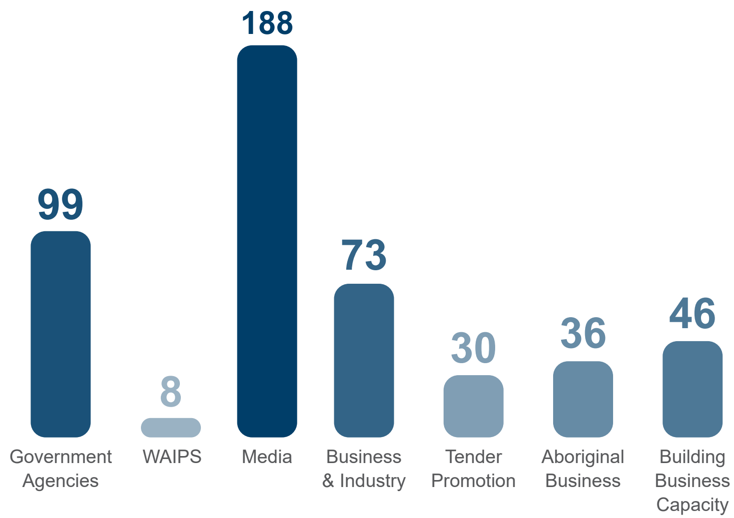


Awarded to Local Suppliers   Awarded to Non-Local Suppliers

WHEATBELT SUPPLIERS: LOCAL VS NON-LOCAL (%)

Local Suppliers   Non-Local Suppliers

ENGAGEMENTS IN THE WHEATBELT



WHEATBELT
REGIONAL BUSINESS CAPABILITY

2019 - 2020

The Wheatbelt's direct supply to Government is relatively static annually, with any balance of local supply met through contractors from outside the region irrespective of demand. The value of WA Government demand on single region contracts shows local supply settles between $10 to $25 million annually.

A gap between the demand and supply of Goods only slightly narrowed in 2018-19 through the award of agricultural equipment supply contracts, a natural fit for the region.

An apparent gap between demand and supply in Professional and Administrative Services has progressively widened since 2017.

The Wheatbelt has a good news story to tell on Transport contracts, with local suppliers awarded 100% of contracts since 2017.

As with several other regions there is no reliable indicator for local supply in the Civil Construction & Maintenance category through analysis of single region contracts.

More coordinated work needs to be conducted to understand supply chain metrics in this class, and to interrogate the barriers preventing Wheatbelt civil businesses winning head contracts or subcontracting on civil projects.

Building & Constructions supply to Government from regional suppliers remains entrenched in the value band $1 – $10 million.

LCAN DEFINITIONS

DoF WA Department of Finance

Local Specific Area/s means data pertaining to Local Content Area/s, being any of the nine RDC regions as defined under the Regional Development Commissions Act

LCA Specific Region Supplier is a supplier located within the specific RDC region where the contract is to be undertaken, or located "within the prescribed distance from the purchase or contract point of delivery" (vi)

LCAN Local Content Advisor Network

Multi-region Contract means those contracts or tenders awarded through which the goods and/or services are supplied in two or more of the nine LCA regions, which may include Perth as a region, but which is not Statewide

Single Region Contract means those contracts or tenders awarded through which the supply of the goods and/or services is restricted to a single LCA region

SME means Small and Medium Enterprises

Statewide Contract means those contracts or tenders awarded through which the goods and/or services are supplied in all 10 regions, being all nine LCA regions AND Perth

WA Regional Supplier is a supplier not located within the specific RDC region where the contract is to be undertaken, but is located elsewhere in regional WA and not a supplier from the Perth Metro area

i Bourne, K, *Public Procurement and Regional Development: Briefing Note*. Canberra, The Regional Australia Institute, 2018, p. 3.
ii Office of the Auditor General Western Australia, *Local Content in Government Procurement*, Report 25, December 2017.
iii Dr Michael Warner, Introduction, *Local Content in Procurement: Creating Local Jobs and Competitive Domestic Industries in Supply Chains*, Greenleaf Publishing Ltd., 2011, p.2.
iv Ibid, Chapter 3, Procurement Strategy, p. 67.
v Flynn, Anthony, Re-thinking SME Disadvantage in Public Procurement, *Journal of Small Business and Enterprise Development*, Vol. 24, No. 4, 2017, p. 991.
vi WA State Supply Commission, *WA Buy Local Policy 2002*, p. 6.

Important Disclaimers

Tenders WA is the primary source of Contract Award data for this report and is subject to agencies entering information in a timely and accurate manner.

Contract Award Data presented in this report may change if records in Tenders WA are added and or amended.

Tenders WA data refers to awarded contract information and may not include any contract extension beyond term or subsequent variation information.

Since 2010-11, Tenders WA has had a number of improvements made to meet new Policies and Procedures, this may affect outcomes derived from using aged data.

LCAN CLASSIFICATION TABLE OF CONTRACT FOR WORKS OR GOODS OR SERVICES TO GOVERNMENT

CIVIL CONSTRUCTION & MAINTENANCE (C)	BUILDING & CONSTRUCTION (B)	TECHNICAL OR SPECIALIST SERVICES (T)	PROFESSIONAL OR ADMINISTRATIVE AND OPERATING SERVICES (P)	COMMUNITY AND SUPPORT SERVICES (Y)	SUPPLY OF GOODS (G)	TRANSPORT (X)
Dredging Bridge repairs or construction Parking or hardstand Sewerage Platforms or pylons Road repairs or construction Carparks or walkways and trails Marine and waterways Culverts and drainage	Building repair, maintenance or upgrading Commercial construction Office or shopfitting Residential or group dwelling construction Demolition Transportable structures Reticulation Landscaping	Architectural services Surveying Engineering Geotechnical Security Services Irrigation Fire testing Testing Testing and tagging Photography Drilling Harvesting Waste Management Environmental ICT/Telephony/CCTV Medical and Allied Health Ecological and Hydrological	Cleaning Services Consultancy Business Services HR & Personnel Planning EPAs Cost management Project management Education Gardening & Turf Research Property Management Training	Accommodation Crisis Support DV support Counselling (any) Community Support programming Drug and Alcohol Early Childhood and Family Support Youth	Food & Groceries Timber sales or supply Prison supplies Plant or equipment Fire and safety products Hire or Leasing	Bus services Haulage Marine Charter Air Charter

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