

**WESTERN AUSTRALIAN JOBS BILL 2017**

*Introduction and First Reading*

Bill introduced, on motion by **Mr M. McGowan (Minister for State Development, Jobs and Trade)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR M. MCGOWAN (Rockingham — Minister for State Development, Jobs and Trade)** [12.16 pm]:  
I move —

That the bill be now read a second time.

This bill that I lay before the house today fulfils a key commitment of the McGowan Labor government under the plan for jobs—that is, to ensure that money spent by the Western Australian government on goods and services is used, wherever possible, to support local industry and create local jobs. The carriage of this bill is essential to grow and strengthen our economy. This bill, in its implementation, will support small and medium businesses to participate in the supply of goods and services to the government, creating more local jobs for local workers. Government’s procurement of goods and services can play an important role in supporting the development of local industry. The goods and services expenditure by agencies in the general government sector and some government trading enterprises was reported at over \$24 billion in the financial year ending June 2015, according to the Department of Finance’s report “Who buys what and how: An overview of Western Australian government purchasing”.

The Western Australian Jobs Bill 2017, which I am very pleased to introduce today, requires the development of a strategy called the Western Australian industry participation strategy. This overarching strategy will utilise the government procurement process to enhance local industry participation, with a particular focus on benefits to small and medium-sized enterprises. Facilitating greater local industry involvement in the supply of goods and services worth billions of dollars will grow local industry and, in turn, grow local jobs, apprenticeships and training opportunities. Other anticipated outcomes include stronger levels of import replacement and increased adoption of innovative business methods. I have personally taken on the role of minister for jobs to ensure that this and other initiatives in the plan for jobs are implemented. The state’s new economic development agency, the Department of Jobs, Tourism, Science and Innovation, will prepare and administer the strategy. The strategy will incorporate and strengthen existing state government policies, the Buy Local policy and Building Local Industry policy. This will result in a coordinated policy on local industry participation in government procurement operating under the legislative framework of the Western Australian Jobs Bill.

The strategy will be based on a number of key objectives: promoting the diversification of the economy; raising awareness of local industry capability; encouraging innovation; promoting increased apprenticeship, training and job opportunities; and, lastly, giving local industry a full, fair and reasonable opportunity to compete against foreign suppliers. Small and medium enterprises will be a particular focus of the strategy. The bill requires the strategy to be consistent with section 92 of the commonwealth Constitution. The implementation of the strategy will also need to be cognisant of the state’s obligations under treaties and other international agreements to which the commonwealth or the state is a party. The bill also requires the strategy to take into account and be consistent with value for money and probity and accountability principles.

Western Australia has drawn on the experience of Victoria in developing the bill. Victoria took the step of enshrining its industry participation policy in legislation in 2003. However, the Western Australian Jobs Bill goes further than the Victorian legislation and similar legislation in other states.

Further obligations have been included in the bill to provide a legislative basis for the government’s expectations. The bill sets out three major steps that must be taken by an agency in the course of a procurement process for relevant supplies. Firstly, the agency must require each prospective supplier to submit a participation plan. The participation plan must outline the commitments of the prospective supplier in relation to the participation by local industry in the supply. Again, small or medium enterprises will be a focus. The matters to be addressed by prospective suppliers in their participation plan will be set out in the strategy. Secondly, when evaluating a supplier’s offer to supply, the agency must assess and consider the supplier’s participation plan. This will need to be done in accordance with the strategy. Thirdly, the agency must incorporate in any contract awarded the successful supplier’s participation plan commitments. The agency must also include in any contract awarded a requirement for reports to be given to the agency on the fulfilment of the commitments. Both these requirements will need to be carried out in accordance with the strategy.

The minister will also have the power to make determinations regarding “strategic projects”. This will relate to supplies that meet prescribed criteria and that the minister considers to be of strategic significance to the state’s

economy. The minister may then specify particular matters that the procuring agency must require prospective suppliers to address in participation plans. Again, the government has drawn on the Victorian example, which has successfully utilised a similar framework. However, by including that in legislation, this bill enshrines the importance of the strategic projects framework. The government will apply this framework to significant projects that drive economic activity and job opportunities, such as the projects under Metronet. This will allow the government to seek targeted commitments from prospective suppliers.

I, as the responsible minister, will report annually to Parliament on the implementation of the legislation and the strategy. Agencies will also be required to provide information in support of this reporting function. The operation and effectiveness of the act must be reviewed within five years of the review provision of the bill coming into operation.

It is the government's intent that the obligations of the bill and the contents of the strategy will apply across broader government. The definition of "agency" in the bill reflects this, including reference to government trading entities. Additionally, the bill makes it clear that it applies to public works.

The bill requires that the strategy details a number of key areas. This includes participation plan content requirements, which may differ depending on the class of supply, and for strategic projects. Processes and requirements will also be included for the assessment and consideration of participation plans. Detail on the incorporation of participation plan commitments into supply contracts will be provided. Lastly, general guidelines on how to comply with the strategy will also be included. As the government is committed to openness and transparency, the strategy will be a publicly available document.

The government is also committed to reducing red tape and compliance burdens for industry. The bill allows for the drafting of a flexible strategy. This may include different participation plan requirements for different types of supplies. In doing so, the requirements for supplies with lower value thresholds may be simplified. Additionally, the strategy and obligations of the bill will apply only to supplies that meet threshold levels. Those levels will be included in regulations. Again, in making the regulations, the government will ensure that the threshold levels are appropriate and do not result in excessive requirements for low-value procurements.

Support will also be provided to industry to assist in the implementation of the legislation. Helping industry to identify opportunities to increase local industry participation will be a key aspect. Assisting small and medium-sized enterprises to mitigate any red tape burden is also a key priority for government. This may include identifying opportunities to compete for work and in developing participation plans.

The Western Australian Jobs Bill demonstrates the commitment of the McGowan government to the growth of local industries and the economy. The strategy will be a critical tool to grow and promote local industry. It is intended that this jobs bill and strategy will play an important part in developing a strong and diverse Western Australian economy.

I commend the bill to the house.

Debate adjourned, on motion by **Ms L. Mettam**.