

Western Australian Jobs Bill 2017

Second Reading Speech

I move that the Bill be read a second time.

This Bill, which 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. This was 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.

The Premier has 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. That is, 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 to enshrine their 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 itself to provide a legislative basis for the Government's expectations. The Bill sets out three major steps for 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 the successful supplier's participation plan commitments in any contract awarded. The agency must also include a requirement in any contract awarded for reports to be given to the agency on the fulfilment of the commitments. Both of these requirements will need to be carried out in accordance with the Strategy.

The Minister responsible for the Bill will also have the power to make determinations regarding 'strategic projects'. This will relate to supplies that meet prescribed criteria and that the responsible Minister considers to be of strategic significance to the State's economy. The responsible Minister may then specify particular matters which 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, this Bill will enshrine the importance of the Strategic Projects framework by including it in legislation.

The Government will apply this framework to significant projects which drive economic activity and job opportunities, such as those under METRONET. This will allow the Government to seek targeted commitments from prospective suppliers.

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 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 detail 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 publically available document.

The Government is also committed to reducing red tape and compliance burdens for industry. The Bill allows 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 only apply to supplies that meet threshold levels to 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, diverse Western Australian economy.

Pursuant to Standing Order 126(1), I advise that this Bill is not a uniform legislation Bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the Government of the State is a party. Nor does this Bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the Commonwealth.

I commend the Bill to the House and table the Explanatory Memorandum.