Chamber of Commerce and Industry WA

Review of the Procurement Act 2020

Chamber of Commerce and Industry of Western Australia Submission

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Via: procurementadvice@dtf.wa.gov.au

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Introduction

Thank you for the opportunity to provide a submission in relation to the Review of the Procurement Act 2020.

The Chamber of Commerce and Industry of Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia (WA). We are fundamentally committed to using our insights to develop and advocate for evidence-based public policies that help realise our vision to make WA the best place to live and do business.

As recognised in 2020, during the second reading of the legislation, Government procurement is a critical part of our economy and ensures we can provide our community with essential services such as equipment for our hospitals or building new schools. It is critical that the highest standards of probity and accountability apply when public money is being spent and that government spending delivers the best value for our community and our state. Government expenditure should also support broader economic, social and sustainability outcomes.[1]

The Department of Finance was to be the lead agency for implementing the Act, tasked with ensuring a more flexible approach to procurement while upholding good practice.

In this submission, we provide feedback regarding the two parts as outlined in the discussion paper released by the Department of Treasury and Finance:

- **Part A** that is the review of Rule C4 of the Western Australian Procurement Rules, which prescribes approach to market thresholds for goods, services and works procured by State agencies; and
- **Part B**, which concerns the statutory review of the Procurement Act 2020.

While consultation on Part A closed 29 September 2026, we decided to provide a single, fulsome submission.

Our members engage with State procurement practices both directly, competing for and delivering tenders, and indirectly, as part of supply chains. Anecdotal feedback has been that members are supportive of the intent of the legislation, however there are examples where decision-making practices, a focus on reducing costs and a constrained risk appetite has limited effective implementation.

Getting the settings right for procurement is important to ensuring businesses can continue to exist and flourish here in WA, across industry sectors.

In what follows, CCIWA provides overarching comments regarding procurement, before providing specific comments and recommendations in **Appendix 1**.

Should you wish to discuss the content of this submission further, please do not hesitate to contact us at: Policy@cciwa.com.

[1] Hon Wyatt, B. Second Reading speech, Procurement Bill 2020. May 2020

Overarching Comments

The State Government utilises the services of thousands of Western Australian businesses to deliver services and infrastructure that benefit the whole community. When used effectively, government procurement can stimulate growth in Western Australian businesses and across industries, particularly in emerging sectors.

For those with government contracts, the procurement process itself can create considerable uncertainty, impacting workforce planning and operations. CCIWA members have reported instances where contracts are extended monthly, for months on end, before a final decision on a new contract is made. In one example, the previous contract extension had expired two weeks prior to the next monthly extension.

This uncertainty is particularly problematic within the community services sector, where government funding is the primary source of funding. This has a significant and direct impact on the employees, business, client and government. For example, it affects a business' ability to retain staff, plan its workforce and operations over the long term, creates uncertainty for service users and adds unnecessary bureaucratic burdens.

This is only set to compound with the growing trend of the Federal Government devolving responsibility for funding health and community services, such as Thriving Kids, to State and Territory Governments.

CCIWA also notes that the Industry Capability Network (ICN) in some other jurisdictions has a bespoke portal for businesses to register interest in delivering local procurement.[2] A similar partnership model for ICN WA could help the State Government to identify potential procurement partners early and easily.

We also suggest the State Government consider how procurement, whether directly or via public-private partnerships, could help to deliver on strategies such as Diversify WA. For example, CCIWA has members in defence industry, medical technology and renewable energy sectors, who could benefit from secure offtake agreements via the public sector. In doing so, this provides not just a way to prove their products and embed in supply chains, but to also develop an economic base for future growth.

The decisions to procure locally made wind turbine materials, electrical transmission components and local railcar manufacturing deliver this intent. However, the State has been risk-averse with investment.

The State Government could help improve certainty and stability for WA businesses, with targeted reforms that help to improve procurement processes, while maintaining robust governance and assurance processes.

Procurement Rule C4

CCIWA supports raising the procurement method thresholds for State agencies when procuring goods, services and works under Rule C4.

We welcome the proposal to increase the threshold from $250,000 to $500,000. This aligns WA with other jurisdictions. However, there are concerns and potential improvements in delivery, beyond legislative improvements.

[2] Examples: ICN Tasmania and ICN NT.

Member Insights: Procurement

Over the past few years, Members have raised concerns regarding procurement. This, in part, is why we have advocated for reforms in procurement and have proactively worked with the State Government, particularly the Ministers for Finance and Commerce, to address concerns.

Some of these are referenced below:

- A **manufacturing** member tendered for an innovative plastic container solution for a government department. This required significant investment in research and development, and new processes. The department expressed concern that the proposed cost per unit was too low for manufacturing in Australia, and proceeded to outsource the solution to an overseas manufacturer.
- A **care sector** member is still operating on an initial contract from 2021, on short term renewals. This has contributed to staff turnover and to increased uncertainty and stress about whether the contract would be renewed on a longer-term basis.
- A **construction materials and resources** member proposed recycling old concrete and rubber into road base materials, to create a base for a circular economy for concrete products. The member approached two State departments, seeking regulatory approval and guaranteed offtake. The member received regulatory approval from one department; however, the second department declined engagement. This led to an insurmountable barrier to achieving beneficial economic and environmental outcomes.

Recommendations

CCIWA recommends the following entities undertake the following actions:

Department of Treasury and Finance:

- Consult on further, targeted reforms within government and with existing contract holders. These further reforms should help to improve procurement processes, while maintaining robust governance and assurance processes.
- Ensure best practice is followed when contracts are due to expire. This should include regulated standards for contract decision-making across all agencies, greater lead-in time for notice of no extension of contracts, and consideration for the value gained by implementing longer-term minimum contractual arrangements.
- Work with ICN WA to implement a similar web portal and forms to other States.

Public Sector Commission:

- As part of the next Agency Capability Review process, consider whether there are internal work-based barriers to procurement across the public sector.

2050 Commission:

- Identify ways to streamline government procurement to foster innovation and industry development. This should include examining the use of longer-term contracts and how other jurisdictions use procurement to leverage new and existing industries.

Appendix 1: CCIWA comments

CCIWA position	*Recommendation*
Overall effectiveness of the Act CCIWA is supportive of reviewing the effectiveness of the legislative framework for the procurement of goods, services and works under the Procurement Act 2020. CCIWA recognises the aim the Act has in standardising and harmonising procurement across the Western Australian public service, making it simpler for WA business to engage with government. While the Act may provide an effective legislative framework, the government should ensure that the operation of the Act is supportive of broad business participation. For example, prioritising the lowest cost above all other objectives could preclude Western Australian businesses from certain procurement activities.	The WA Government should ensure that the operation of the Act achieves an appropriate balance in its objectives, enabling effective local and diverse business participation.
Made in WA Enabling the growth of local industry through government procurement brings with it innumerable benefits, including driving economic diversification, building sovereign capability, creating jobs, and growing the Western Australian economy. Businesses need certainty to continue to invest and to plan their workforces, and government procurement can play a significant role in providing such certainty. If a business can see a clear pipeline of work and funding, they will continue to invest in their growth and workforce, contributing to the WA economy. CCIWA has heard examples where that has not been the case in dealing with government, with contracts extended month-on-month in a way that undermines the stability of a business' income stream. Supporting Western Australian businesses through multi-year purchase agreements and clear contract extension processes can stimulate local opportunities and enable their longevity in what is a highly competitive global environment.	State agencies should be empowered to recognise the positive externalities of local and diverse business participation in government recruitment. This should include providing industry certainty through long-term contracts and effective contract extension processes. The State Government should ensure best practice is followed when contracts are due to expire. This should include regulated standards for contract decision-making across all agencies, greater lead-in time for notice of no extension of contracts, and consideration for the value gained by implementing longer-term minimum contractual arrangements.
Effectiveness of the Act against its objectives The Act may be clear in its objectives. In practice, procurement should achieve a balance of these objectives. A holistic definition of 'value for money' supports this, recognising the benefits of engaging diverse businesses through government procurement. Governments hold a unique position in fostering new and emerging industries by procuring goods and services for government programs. For example, the Dutch Government invested heavily in their burgeoning prefabricated housing industry to grow the supply of	CCIWA supports streamlining procurement processes across government, while maintaining appropriate governance. The Government should look at ways to streamline procurement to foster innovation and industry development. This should include examination of how other jurisdictions use procurement to leverage new and existing industries, and how

temporary government housing.[3] Now, their goal is to have half of all new builds prefabricated by 2030.[4] The WA Government should enable procurement processes to grow strategic industries, including modern methods of construction, energy, and defence. As mentioned previously, businesses need certainty to continue to provide goods and services. In particular, a lack of certainty can have a profound impact on small and medium enterprises (SMEs), as they may be more reliant on individual contracts for large proportions of their revenue. Additional streamlining should speed processes up and enable SMEs to have clarity about funding further in advance. CCIWA strongly supports measures that facilitate improved engagement with diverse businesses, including local and regional SMEs or those owned by women, First Nations peoples and culturally and linguistically diverse communities.	procurement can support greater participation of diverse businesses.
Future operations of the Act The Government should have a continuous improvement mindset when it comes to procurement. It should continually strive for best practice, as is expected of the private sector; ensuring effective governance while contributing to the economy and enabling Western Australian businesses and industries to flourish. Central to this should be measures that provide certainty to businesses. Engagement with industry directly will be essential to get this right; industry knows what industry needs to succeed. Further in-depth analysis should be undertaken to assess the effectiveness of the Act and enabling frameworks for diverse business participation. This should consider the specific challenges and opportunities faced by various cohorts, including local and regional SMEs or those owned by women, First Nations peoples and culturally and linguistically diverse communities. Additional independent analysis could support broader reforms to government procurement. The WA Government should task the 2050 Commission with identifying ways to streamline government procurement. This should include examining the use of longer-term contracts and how other jurisdictions use procurement to leverage new and existing industries.	The Government should engage with industry networks, including the Industry Capability Network WA, to identify best practice from other jurisdictions. Leveraging these existing networks and systems will reduce the duplication in procurement processes. The State Government should task the 2050 Commission with identifying opportunities for continuous improvement in government procurement, to foster innovation and industry development.
Other comments In relation to the Western Australian Procurement Rules (WAPR), CCIWA supports raising the procurement method thresholds for State agencies when procuring goods, services and works under Rule C4.	The WAPR Rule C4 thresholds should be raised in a way that maintains appropriate governance and is future proofed.

[3] D, Bossuyt et al. The informal governance of LEGO urbanism: Temporary Housing in the Netherlands. *Urban Studies*. 2026.
[4] Dutch News. Government pledges more money to speed up house construction - DutchNews.nl. 20 April 2026.

Raising the thresholds would be beneficial as it may mean longer contracts are approved more readily, providing more certainty to WA businesses providing government services. While CCIWA recognises the uplift that the proposed thresholds represent, the government should consider how best to future-proof the procurement framework by ensuring that they are set at a level that does not need to be revisited overly frequently, while maintaining appropriate governance. This could include automatic indexing of thresholds to relevant prices indexes.	Aligned with the Review discussion paper, the direct sourcing threshold should be raised to at least $100,000 and the open advertisement thresholds should be raised to at least $500,000.