

101: UNDERSTAND HOW STATE GOVERNMENT BUYS GOODS AND SERVICES

Are you a small business interested in contracting to government? Here's what you need to know before you start:

Understand thresholds

Quotes or tenders that you submit are called 'offers.' Your offer will fall below a certain threshold, which determines which procurement method is used:

- ✓ **Direct Sourcing - Up to \$50k (inc. GST)**
Offers requested directly. Not always advertised. Example: Office printer worth \$15k.
- ✓ **Limited Sourcing - Up to \$250k (inc. GST)**
Offers requested directly from 3+ suppliers. Rigorous evaluation. Example: 2 yr cleaning contract worth \$100k.
- ✓ **Open Sourcing - \$250k + (inc. GST)**
Publicly advertised, competitive tender process. Example: Car park construction valued at \$1.1m.

In 2023 - 2024, more than \$72m was spent on government contracts in the Great Southern. Government agencies spend money through a process called 'procurement'.

Demonstrate value for money

Contracts aren't always awarded to the lowest offer. Agencies look for quality, risk management, and capability to deliver. Think how to best showcase your business.

Leverage the Buy Local Policy

The Buy Local Policy means that price preferences are often applied to local offers, giving your business a competitive edge during the evaluation of a tender.

Understand different contractual arrangements

There are different types of contracting arrangements which can affect how suppliers are engaged during the life of the contract:

- ✓ **Common Use Arrangements**
Pre-approved supplier lists for commonly purchased goods and services.
- ✓ **Panels**
Pre-established exclusive lists of suppliers that supply specific goods or services to one or more agencies.
- ✓ **Single Contractor**
Contract is awarded to one supplier who carries full responsibility.

Prepare your business

If you are still thinking about contracting to government, your next step is to read the '102: Get on the State Government radar' information sheet.

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