



South Australian Steel Economic Participation Policy

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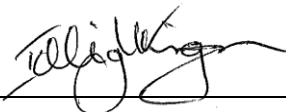
South Australian Steel Economic Participation Policy

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1. Objective

The Australian steel industry is under pressure from a global over supply of steel which is leading to a combination of unfair competition from abroad and a rapid downturn in iron ore and steel prices. For the Australian steel sector to remain competitive, viable and profitable, it needs to produce at (or near) capacity and sell as much of its product as possible into the domestic market.

The South Australian Steel Economic Participation Policy is designed to give the local steel industry a competitive advantage against low quality imports through mandating that reinforcing and structural steel used on projects funded by the South Australian Government fully meet the requirements of the relevant Australian Standards. Steelwork procured for public works in South Australia will also be independently tested to ensure its quality and safety.

To ensure South Australian steel fabricators get a fair chance of winning State Government contracts, the Industry Participation weighting will be increased from 15% to 20% of the overall tender assessment, on projects expected to use a significant amount of steel or steelwork.

It is intended this policy will be extended to incorporate the purchase of rail and manufactured steel products in the near future.

2. Scope

The South Australian Steel Economic Participation Policy applies in addition to and operates in conjunction with the South Australian Industry Participation Policy.

The policy has effect on:-

- Contracts above \$4million (or \$1million in Regional South Australia) that involve the purchase of significant amounts of structural and/or reinforcing steel; and
- Contracts above \$220,000 that involve significant fabrication of structural steelwork.

The policy applies to the following activities:

- Government of South Australia infrastructure and construction projects.
- Public Private Partnership projects.
- Federally-funded infrastructure and construction projects managed by the Government of South Australia.
- Private sector projects receiving significant Government of South Australia support, (over \$2.5 million cash and in-kind).

The policy will be embedded into government procurement policies, procedures, specifications and contracts.

Guidelines may be developed to support the policy.

There are no specific requirements for tenders with a value of less than \$220,000; however Responsible Government Agencies should use local businesses wherever possible and encourage successful tenderers to consider using local steel suppliers, fabricators and manufacturers.

3. Purchase of Structural and Reinforcing Steel

The following requirements apply to all contracts over \$4million (or \$1million in Regional South Australia) that involve the purchase of significant amounts of structural and reinforcing steel.

A minimum **20% industry participation weighting** must form part of the overall evaluation criteria.

The Responsible Government Agency must consult with the Office of the Industry Advocate as early as possible to facilitate the preparation of a tailored Industry Participation Plan.

Contractors must purchase reinforcing bar and mesh, pre and post tensioning strand structural steel from a steel manufacturer that has been certified by the Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) as complying with AS/NZS 4671, 4672, 1163, 3678, 1594 and 3679.1 and 3679.2 standards; and

Contractors must retain records to evidence the supply of steel from an ACRS accredited mill.

Contractors must make such records available to the Office of the Industry Advocate for review, upon request, as part of the Steel Surveillance Program.

4. Fabrication of structural steelwork

The following requirements apply to contracts for \$220,000 or greater that include significant fabrication of structural steelwork.

A minimum **20% industry participation weighting** must form part of the overall evaluation criteria.

Steelwork fabricators must be certified to the relevant Construction Category in accordance with the National Structural Steelwork Compliance Scheme (refer <http://www.scacompliance.com.au>) in accordance with the Fabricator Code of Practice.

As an interim measure, until sufficient South Australian steel fabrication businesses have achieved certification to the project Construction Category level, a steel fabricator who has applied for and is in the process of certification may be engaged to conduct the work referred to above.

Contractors must retain records to evidence that the fabrication of steelwork has been undertaken by a company certified to the required Construction Category.

Contractors must make such records available to the Office of the Industry Advocate for review, upon request, as part of the Steel Surveillance Program.

5. Measuring Economic Benefit for South Australia

The South Australian Steel Economic Participation Policy applies in addition to and operates in conjunction with the South Australian Industry Participation Policy.

The South Australian Industry Participation Policy requires tenderers to commit, through an Industry Participation Plan (IPP), to the level of economic benefit the State can expect to receive from packages of work under the contract.

6. Roles and Responsibilities

6.1. Responsible Government Agencies

The contracting entity for this type of work will usually be the Department of Planning, Transport and Infrastructure (DPTI) but from time to time may also be other agencies. The contracting entity will be the Responsible Government Agency and the owner of the tender. It is the Agency's role, with the advice of its advisers such as the Office of the Industry Advocate to determine which procurements are of high strategic importance for the steel sector in the State.

Responsible Government Agencies are responsible for the implementation and application of the policy within their own procurement processes.

Responsible Government Agencies include both the "public authorities" made or declared and the "prescribed public authorities" declared under the State Procurement Act 2004 and accompanying regulations.

6.2. Office of the Industry Advocate

The Office of the Industry Advocate will be responsible for assessing IPP Plans. Where the purchase and or fabrication of steel is associated with a major project (\$50million or above), assessing these IPP Plans will be a panel consisting of the Office of the Industry Advocate (Chair), Department for State Development and Agency representatives (or anyone else of appropriate standing determined by the Office of the Industry Advocate).

The Office of the Industry Advocate is available to assist with requests for information on Industry Participation Policy requirements if you wish. However, the Office of the Industry Advocate cannot assist with the development of your investment, job creation and supply chain involvement intentions as it will be involved in the evaluation process.

Please phone (08) 8226 8956 or email: ويا@sa.gov.au.

7. National and International Agreements

The South Australian IPP operates within the context of relevant national and international agreements and procurement policies to which South Australia is a signatory including the Australia and New Zealand Government Procurement Agreement (ANZGPA). Consistent with these agreements, the South Australian IPP does not mandate local content levels or provide unfair preferential treatment for local suppliers. It is a policy that focuses on capital investment, labour, supply chain opportunities and the associated economic contribution to the State.

8. Monitoring and Evaluation

The OIA will monitor and evaluate the effectiveness of the implementation of the IPP in accordance with the IPP Monitoring and Evaluation Framework.

Reporting against commitments made in the Industry Participation Plan is required as part of the contract obligations.

The South Australian Government has also initiated a Steel Surveillance Program to ensure steel and steelwork is sourced from accredited steel mills and fabricators. Any contracts that fall within the scope of the South Australian Steel Economic Participation Policy may be subject to audit under the Steel Surveillance Program.

9. Document Review

The OIA will review this Policy within five years of its implementation.

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For more information visit

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