



South Australian Industry Participation Policy

Procedural Guidelines

October 2016

*Measuring Economic Benefit from
Procurement through Labour, Capital
Investment and Supply Inputs*

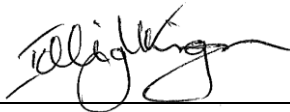
SA IPP Procedural Guidelines

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Introduction

The South Australian Industry Participation Policy (IPP) was updated in November 2015 to reflect the importance the Government of South Australia has placed on jobs, investment and supply inputs as a critical element of procurement objectives. It has been updated again in October 2016 to reflect changes in the starting threshold for the policy from \$22,000 to \$33,000.

The South Australian Industry Participation Policy is designed to measure the economic benefit to the State from labour, capital and supply inputs as part of the tender evaluation process or through direct negotiation.

There is significant scope for the Government of South Australia to leverage greater economic benefits from its procurement spending. In addition to economic drivers, such as labour, capital and supply inputs, there are a range of other benefits the Government can drive through procurement activities. These include supporting innovation, socio-economic objectives and skills development in the workforce.

The Government of South Australia is committed to ensuring that competitive and capable South Australian small and medium enterprises (SMEs) are given full, fair and reasonable opportunity to be considered for work being undertaken in South Australia resulting from Government expenditure.

The South Australian IPP has been developed to address this commitment. The full policy can be viewed at www.industryadvocate.sa.gov.au.

These *Procedural Guidelines* have been prepared to assist project proponents, tenderers and contractors to apply the IPP and develop ECTs, IPP Plans and Reports as required by the Policy.

1. Policy Objective

The objective of the South Australian IPP is 'to ensure that capable South Australian small and medium enterprises are given full, fair and reasonable opportunity to tender and participate in significant public and private sector projects'.

The most important drivers of economic contribution from procurement are labour and capital. Industries that consume significant amounts of labour and capital within South Australia typically deliver higher contributions to the Gross State Product (GSP). When considering individual industries, the value added throughout the supply chain is an important factor for the total economic contribution of procurement benefits.

This policy creates opportunities for South Australian based businesses and benefits to the State's economy and can address the following:

- employment and workforce development
- improved industry capability and capacity through capital investment
- retention of economic activity in the State
- additional value-adding activities, innovation and supply chain development

2. Policy Scope

The Industry Participation Policy has effect on all Government expenditure above \$33,000 for the following activities:

- Government of South Australia procurement of goods and services including infrastructure and construction
- 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).

A tiered approach has been adopted to ensure compliance costs are appropriate for the size of the contract and red tape requirements for business and Government are minimised. Refer to section 5: Industry Participation Requirements. All threshold values under the Policy are GST inclusive.

The Government may direct the involvement of the Office of the Industry Advocate in other activities including but not limited to where an activity will result in a revenue stream for government with little or no government expenditure.

The Office of the Industry Advocate will consider how the findings of a report from Deloitte Access Economics may relate to policy for grant making and whether there is a need to consider employment, capital investment or supply-inputs that benefit the State economy in grant application processes.

3. Roles and Responsibilities

3.1. Industry Participation Advocate

The Industry Participation Advocate (IPA) has the authority to:

- request meetings with government buyers on behalf of local companies
- review acquisition plans and tender documentation in key contracts to assess any unnecessary impediments to local companies bidding
- review tender awards to evaluate if assessment criteria has been applied
- review contracts and assess if IPP Plans are being applied well by the prime contractor
- review tenders post award and, when necessary, make recommendations to the relevant agency Chief Executive or Minister for improving industry participation going forward.

The IPA will advocate for competitive South Australian suppliers who miss out on short listing for presentations to award panels or short listing onto panel contracts. Agency Chief Executives will be expected to explain why those suppliers were not listed and to revisit that decision, if that can be done.

3.2. Office of the Industry Advocate

The Office of the Industry Advocate (OIA) is responsible for the implementation of and compliance with the Industry Participation Policy objectives.

The OIA will be involved at various stages and to varying degree throughout the entire procurement process for all contracts subject to the IPP. This involvement is to ensure the economic contribution to the State from the procurement can be maximised through the design of appropriate specifications, market approach, evaluation plans, IPP Plans and compliance and reporting on industry participation.

3.3. Responsible Government Agencies

Responsible Government Agencies (RGA) are responsible for the implementation and application of the SA IPP within their own procurement processes.

RGAs include both the “public authorities” made or declared and the “prescribed public authorities” declared under the *State Procurement Act 2004* and accompanying regulations.

4. 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. Consistent with these agreements, the South Australian IPP does not mandate local content levels or provide preferential treatment for local suppliers. It is a policy that focuses on creating opportunities that promote greater economic benefit for our State.

4.1. Use of Australian Standards

Technical specifications should not be an obstacle to the local supply of goods and services.

When technical specifications are being prepared for the contract, care should be taken to ensure that South Australian and Australian SMEs are not placed at a disadvantage. Design specifications should use Australian standards, or standards regularly used in Australia, to ensure that Australian suppliers are not ‘designed out’ of the contract.

5. Industry Participation Requirements

The Industry Participation Policy threshold commences from \$33,000 with emphasis on local jobs and importantly extends to subcontractor and supplier activity.

For all Government expenditure, the Responsible Government Agency (RGA) will be required to advise all interested parties of the requirements of the South Australian IPP at the initial invitation stage (refer Table 1). This stage applies to any approach to market including, but not limited to Request for Quotes, Request for Tenders or Request for Proposals. At that time, potential tenderers will be informed of IPP requirements including:

- If the tenderer is required to complete an Employment Contribution Test (see section 5.2 and 5.3).
- If the tenderer is required to complete a South Australian IPP Plan.

The OIA can assist tenderers to prepare South Australian IPP Plans by providing capability information on local suppliers; however ownership of the Plan and responsibility to deliver against it remains with the tenderer.

IPP Plans that are judged to be non-compliant will preclude the tenderer from contract award. IPP Plans will be weighted in the tender evaluation process.

The successful tenderer’s South Australian IPP Plan commitments will be included within the contract and reporting on IPP Plan outcomes will be required by the successful tenderer.

Minimum weightings apply for Employment Contribution Tests over \$220,000 and all Industry Participation Plans.

In all procurements, a determination can be made by the agency, a Minister or the Premier to increase this weighting where the potential economic and social benefits for South Australia, or to a specific region, resulting from a particular procurement are significant. Other factors, such as investment and supply inputs may also be incorporated or considered differently in the evaluation criteria. See section 7 for further information.

5.1. Below \$33,000

There are no specific requirements for tenders with a value of less than \$33,000; however RGAs should use local businesses wherever possible and encourage successful tenderers to consider using local SMEs.

5.2. Between \$33,000 and \$220,000

For procurements between \$33,000 and up to \$220,000 where a minimum of three quotes are being sourced, RGAs are required to seek at least one quote from a local source. This is one case where the term 'local' should be given a more localised definition than that of any Australian and New Zealand supplier. This is consistent with ANZGPA on the basis that non-South Australian businesses still have an opportunity to quote and there is no restriction on agencies seeking more than three quotes if necessary.

Where the procurement involves a shortlisting process, consideration should be given to including a competitive South Australian business in the final short list.

5.2.1. Employment Contribution Assessment

RGAs will be required to undertake an Employment Contribution Assessment for all procurements above \$33,000 to consider what capacity exists in South Australia, or the region, to deliver the contract and to take into consideration the resulting economic benefit to the State in their assessment.

To facilitate this assessment, an Employment Contribution Test (ECT) has been developed and is required to be applied to all procurements between \$33,000 and \$4 million (\$1 million in Regional South Australia). The ECT requires that

1. the RGA must determine if the goods and/or services to be procured are available within the State or region and if so;
2. require the business/company quoting or tendering to identify the amount of local labour involved in delivering the contract.

Where significant supplier inputs or subcontracting arrangements will be required to deliver the contract, the head contractor must -

1. determine if the product or service can be sourced within the State or region and if so;
2. identify the labour hours directly linked to that subcontract or supply arrangement.

There are two templates for the ECT: Metropolitan Adelaide and Regional South Australia.

The RGA will determine prior to releasing the tender whether a Metropolitan or Regional ECT should be applied. The benefits of procurement in regional areas, in terms of the outcomes for employment and investment in the more immediate area, can be particularly significant for the local economy. For this reason the Regional Test also measures the local labour hours for the specific region.

Where it is not reasonable to provide or calculate the actual number of labour hours or FTEs associated with head contract or subcontracting arrangements (such as in the case of hourly rates), the tenderer can provide a percentage estimate instead. Please refer to guidance notes on the ECT templates for further information.

Local labour: The employee's principal place of residence is to be used to determine South Australian (or regional) labour. Fly-in fly-out arrangements are not to be included in the locational information.

When is an ECT **not** required?

Where robust market analysis has identified the product or service cannot be sourced from within the State or region, an ECT is not required to be completed.

In other situations, where the ECT will not assist in the differentiation of tenders, the ECT is not required. For example where there is only one tenderer, as is the case in a direct negotiation.

5.3. Between \$220,000 and \$4 million (\$1 million in regional South Australia)

Agencies are encouraged to use the Industry Capability Network (ICN) Gateway database, through consultation with the OIA, during the market research phase of the procurement process for all contracts over \$220,000.

The ECT will apply in the same manner as is required for procurements between \$33,000 and \$220,000 however in this higher value range, the ECT will have a **minimum weighting of 15%** as a component of the overall evaluation criteria.

During the market analysis stage of procurement, prior to the Government's decision to proceed with the procurement, a determination can be made whether or not to lift the minimum weighting for an individual procurement. This may be particularly relevant in certain regions to provide greater flow-on benefits in the form of economic contributions to the specific region, rather than considering the State as a whole; or in the case where the State Government wants to provide a stimulus to certain sectors of the economy. The weighting may be increased following a merit assessment outlined in section 7 of these guidelines.

5.4. Between \$4 million (\$1 million in Regional South Australia) and \$50 million

Tenders within the scope of the policy with a value of \$4 million (\$1 million in regional South Australia) and above, but less than \$50 million, will require tenderers to prepare a South Australian Standard IPP Plan.

The purpose of an IPP Plan is to facilitate the agency's assessment of the potential economic contribution from the procurement, as required by the Industry Participation Policy.

Submission of an IPP Plan for contracts between \$4 million (\$1 million in regional South Australia) and \$50 million is required for tender evaluation. If the required IPP Plan is not included in the tender response, should the reserved rights and probity requirements of the tender allow it, the OIA will support providing the tenderer an opportunity to provide the plan or to rectify any obvious errors or omissions post tender close, within a timeframe decided upon by the RGA.

Please note that an RGA may request an IPP Plan as part of the tender response outside of the thresholds above based on a determination of the potential economic and social benefit for South Australia, or to a specific region, resulting from the procurement. **This determination is in no way an indication of price.**

The IPP Plan weighting is a **minimum of 15%**; however this weighting can be increased following a merit assessment outlined in section 7 in these guidelines.

5.5. Above \$50 million

Tenderers for contracts of \$50 million and over will be required to complete a Tailored IPP Plan. This Plan will include a detailed methodology to identify and consider South Australian based SME participation and information on additional economic benefits for the South Australian economy. It should also set out opportunities to involve local SMEs in value-add research, design work and advanced services should the tenderer be awarded the contract.

The IPP Plan weighting for procurements above \$50 million are the same as for those below \$50 million, however it is expected that a merit assessment (see section 7) is completed for all procurements in this price range to determine the appropriateness of the minimum weightings.

5.6. Other Activities

For contracts where there is no fixed lump sum, such as standing order contracts or schedule of rates contracts the relevant IPP requirement will be selected based on the RGA's estimated contract cost and/or the potential economic contribution to the State or region from the procurement. A Tailored IPP Plan may be developed by the OIA in conjunction with the RGA.

5.6.1. Direct Negotiation

The policy applies to direct negotiations (single source and selective) subject to the requirement to have an IPP plan. That is, the tenderer will still be required to submit a plan and it will become part of the contract (see section 6.5) which they will be required to report against (see section 6.6).

5.6.2. Panel Contracts

A Declaration of Intent is generally required from a supplier prior to them being considered for appointment onto a panel contract. However where a panel contract is to have a limited number of suppliers and expected volumes for use are above \$50 million (across all suppliers) then a Tailored IPP plan will be developed by the OIA in conjunction with the lead agency and will be completed by the supplier/s prior to appointment.

An agency may request a Tailored IPP plan even when the expected value is lower than \$50 million as it may streamline application of this policy rather than applying it to every purchase made. This request will be considered by the OIA on its merits.

Where a panel is established and there is no Tailored IPP plan, the ECT and Standard IPP plans will apply to the individual purchases made off the panel when above the relevant value. If there are cases of the ECT not being practical, the OIA may consider requests from agencies for an exemption. Cases of emergency may require an exemption after the event.

5.6.3. Grants and Public Private Partnerships

Where an organisation or business receives a grant over \$2.5 million (in cash or in-kind), or the State Government is involvement in a Public Private Partnership, the organisation or business will commit to meeting the objectives of the South Australian Industry Participation Policy and will procure works in a manner that will generate economic activity, build capacity of the South Australian workforce and grow the State's economy. In consultation with Industry Participation Advocate, the organisation or business will be required to establish Industry Participation Plans for all contracts above \$4 million associated with the project.

Table 1: Industry Participation Policy Requirements

This table provides an overview of the Industry Participation requirements based on the expected value of the tender. This table is to be used as a guide only and needs to be read in conjunction with the relevant sections of these guidelines.

Note that an RGA may request an IPP Plan as part of the tender response outside of the thresholds listed in the table based on a determination of the potential economic and social benefit for South Australia, or to a specific region, resulting from the procurement. **This determination is in no way an indication of price.**

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Below \$33,000	No specific requirements	No reporting requirements
Government procurement where tender value is between \$33,000 and \$220,000	Where RGA seeks at least 3 quotes, one must be from an SA business where possible. ECT to be completed. No weighting but ECT used to differentiate bids that represent good value and meet needs of Government. <i>See section 5.2 of these Guidelines</i>	Contractor No reporting requirements RGA Annual reporting on contracting activity including ECT details

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Government procurement where tender value is over \$220,000 and under \$1 million in Regional South Australia or \$4 million in metropolitan Adelaide	ECT to be completed and forms a minimum 15% of overall evaluation. <i>See section 5.3 of these Guidelines</i>	Contractor No reporting requirements RGA Annual reporting on contracting activity including ECT details
Government procurement where tender value is equal to or greater than \$1 million in Regional South Australia or \$4 million in metropolitan Adelaide but less than \$50 million.	Submission of an IPP Plan is required for the tender to be considered compliant. IPP Plan has a minimum 15% weighting <i>See section 5.4 of these Guidelines</i>	Contractor Minimum of <u>annual</u> reporting against IPP commitments to the RGA RGA Annual reporting on contracting activity including IPP details
Government procurement where tender value is \$50 million and over.	Completing a Tailored IPP Plan is required. The OIA will work with the RGA to develop an IPP Plan template tailored to the contract or project. IPP Plan has a minimum 15% weighting <i>See section 5.5 of these Guidelines</i>	Contractor Minimum of <u>bi-annual</u> reporting against IPP commitments to the RGA RGA Annual reporting on contracting activity including IPP details
Panel contracts with low value procurements less than \$1 million in regional areas or \$4 million in metropolitan Adelaide	No Declaration of Intent or IPP plan required ECT will apply to competitive secondary procurement processes above \$33,000 but less than \$1 million in regional areas or \$4 million in metropolitan Adelaide unless otherwise exempted by OIA <i>See section 5.6 of these Guidelines</i>	Contractor No reporting requirements RGA Reporting requirements will be determined based on the IPP requirements for the specific panel
Panel Contracts with procurements equal to or greater than \$1 million in Regional South Australia or \$4 million in metropolitan Adelaide	A Declaration of Intent is required as part of the initial panel tender response. A Standard IPP Plan will then be required to be completed for any quotes that come from the panel membership that are equal to or greater than \$1 million in regional areas or \$4 million in metropolitan Adelaide ECT will apply to competitive secondary procurement processes above \$33,000 but less than \$1 million in regional areas or \$4 million in metropolitan Adelaide unless otherwise exempted by OIA <i>See section 5.6 of these Guidelines</i>	Contractor Reporting requirements will be determined based on the IPP requirements for the specific panel RGA Reporting requirements will be determined based on the IPP requirements for the specific panel

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Panel Contracts with a limited number of suppliers and expected volumes for use are above \$50 million over the panel lifespan	Completing a Tailored IPP Plan is required <i>See section 5.6 of these Guidelines</i>	Contractor Reporting requirements will be determined based on the IPP requirements for the specific panel RGA Reporting requirements will be determined based on the IPP requirements for the specific panel
Responding to an early approach to market (including, but not limited to, an Expression of Interest) for a contract or project that will likely be equal to or greater than \$1 million in Regional South Australia or \$4 million in metropolitan Adelaide	Agencies may require IPP documentation varying from a Declaration of Intent to a Tailored IPP Plan. The documentation issued by the agency will explain what is required	Contractor Reporting requirements will be determined based on the IPP requirements for the final approach to market RGA Reporting requirements will be determined based on the IPP requirements for the final approach to market
Grants / PPP	Agencies may require IPP documentation varying from a Declaration of Intent to a Tailored IPP Plan. The documentation issued by the agency will explain what is required	Contractor Reporting requirements will be determined based on the IPP requirements for submission RGA Reporting requirements will be determined based on the IPP requirements for the submission

6. Industry Participation Policy in the Procurement Process

To ensure opportunities for local businesses to be involved in Government contracts is maximised, the Industry Participation Policy needs to be considered and applied throughout the entire procurement process, from project inception through to ongoing contract management. The OIA will be involved in critical stages of certain types of procurements. Refer to Table 2: Roles and Responsibilities – Employment Contribution Test and Table 3: Roles and Responsibilities – Industry Participation Plans for an overview of this information.

6.1. Project Inception

All procurements above \$33,000 require the RGA to consider the IPP and incorporate an Employment Contribution Test or Industry Participation Plan into the quote/tender documentation as required. For the lower value procurements (below \$4million (\$1 million in Regional South Australia)), the RGA will be responsible for the appropriate application of the ECT however the OIA is available to provide advice to agencies where requested.

For all procurements that are likely to require an Industry Participation Plan, agencies are required to involve the OIA from the initial acquisition planning phase. This involvement can be a phone call, email or for more complex procurements, a face to face meeting. If this planning phase is undertaken prior to the involvement of dedicated procurement staff, the business unit staff involved will need to contact the OIA. During this initial contact, the OIA will need to understand the procurement to be undertaken and will provide advice on how local industry participation can be maximised.

For procurements where the financial delegation lies with Cabinet, the Cabinet Submission process requires that *“Where a proposal includes government expenditure subject to the Industry Participation Policy, the Office of the Industry Advocate **must** be consulted early in the decision-making process. This will assist in maximising the economic contribution of the expenditure to the State”* (refer to the Cabinet Submission template).

For contracts with a value of \$50 million or more, the OIA will also:

- Provide advice on the weighting to be given to IPP Plans (above the minimum as stipulated in the Policy) in the tender assessment process either proactively or in response to a request from the RGA
- Develop a template for a Tailored IPP Plan in liaison with the RGA, based on the details of the proposed tender
- Initiate the process of identifying opportunities for local SME participation.

6.2. Tender Preparation

When preparing documentation for any approach to market (which may include Request for Tender (RFT), Request for Proposal (RFP), or Request for Quote (RFQ)), RGAs are to include information on the requirements of the South Australian IPP.

To remove confusion by tenderers and to ensure consistency in the assessment process, **the RGA must specify in the tender documentation the template they have deemed appropriate for the procurement.** This decision should be based on the IPP thresholds and/or a determination of the potential economic and social benefit for South Australia, or to a specific region, resulting from the procurement. The template specified may fall outside of the stated IPP thresholds; however **the specification of the template to be used is not to be taken as a price indication.**

Responsible Government Agencies are encouraged to refer to the State Procurement Board’s tendering templates for guidance on correctly referencing the IPP in tender documents.

6.3. Tender Release

Unless otherwise specified by the RGA, tenderers must submit an ECT or IPP Plan using the relevant templates.

The Office of the Industry Advocate is available to assist tenderers in completing their ECT and IPP Plans and to assist with identification of local businesses if required.

Where the tenderer expects to use subcontractors to deliver the contract, the labour hours directly linked to the delivery of the contract will also need to be submitted and will impact on the overall score of the ECT or IPP Plan.

6.4. Tender Assessment

For procurements between \$33,000 and \$220,000, the RGA will make an assessment of the tenders received based on their predetermined assessment criteria. Once this shortlisting has occurred should there be two or more tenders that meet the needs of the RGA, represent good value, the result of the ECT will determine the winner (i.e. the tenderer with the highest ECT score).

For procurements that are above \$220,000 the IPP will be a weighted criterion with a **minimum weighting of 15%** of the overall evaluation criteria; however this weighting can be increased following a merit assessment outlined in section 7 of these guidelines.

After tender close the RGA is to forward a list of all tenderers and any IPP submissions (Declaration of Intent, Standard IPP Plan or Tailored IPP Plans) to the OIA for assessment. The RGA will conduct the assessment for any tenders that seek the submission of an ECT.

Tenders above the IPP's lower threshold (\$4 million in metropolitan Adelaide and \$1 million in regional South Australia) and under \$50 million that do not contain an IPP Plan will be precluded from contract award.

The OIA will score the IPP Plans and provide the RGA with an assessment report. The OIA will seek to complete this report within five working days of receiving the IPP Plans: shorter time frames may be negotiated if required. The RGA will then use that score in their tender evaluation matrix.

Note: *As a result of consultation on recent changes to the IPP, the OIA will be training agencies in the assessment and marking of the IPP Plans, with the intention for the responsibility for the marking of these plans to remain with the RGA. This process will be dependent on the Office of the Industry Advocate's involvement in the acquisition planning process and the Industry Participation Advocate being satisfied that the RGA assessment process will deliver on the Industry Participation Policy objectives. **Until such time, all IPP Plans will continue to be marked by the OIA.***

6.5. Contract Award

On contract award, the commitments made by the successful tenderer in their submitted IPP Plan will become conditions of the contract. Sample clauses to be used are located on the OIA website or from the OIA directly. There are no contractual requirements from the ECT.

If a company requests a change to its IPP Plan after it has been awarded the contract, these requests will need to be considered by the RGA in conjunction with the OIA.

6.6. Ongoing Contract Management

The successful tenderer will be required to meet contracted reporting requirements against the IPP Plan and engage with the OIA throughout the duration of the contract. See section 8 for further information on reporting.

The OIA can provide assistance if a contractor has issues meeting their ECT or IPP Plan commitments, particularly if having difficulty locating local businesses to deliver work packages or critical supplies. If required, the Industry Participation Advocate has the authority to meet with the contractor to discuss their IPP outcomes.

Table 2: Summary of Roles and Responsibilities – Employment Contribution Test

This table provides an overview of the roles and responsibilities of the RGA, Tenderer and the OIA at each step of the procurement process, specific to the Employment Contribution Test. This table is to be used as a guide only and needs to be read in conjunction with the relevant sections of these guidelines.

Note that an RGA may request an ECT or IPP Plan as part of the tender response outside of the thresholds stated in the Policy based on a determination of the potential economic and social benefit for South Australia, or to a specific region, resulting from the procurement. This determination is in no way an indication of price.

	Responsible Government Agency	Tenderer	Office of the Industry Advocate
Project Inception	<ul style="list-style-type: none"> Check SA IPP to see if ECT applies Consider if the minimum weighting should be increased. 		<ul style="list-style-type: none"> Assist RGA to determine appropriate application of ECT if required Provide assistance and advice to RGA on raising minimum weightings.
Tender Preparation	<ul style="list-style-type: none"> Include ECT weighting in tender evaluation plan (for procurements above \$220,000) 		<ul style="list-style-type: none"> Provide advice to agencies on how to reference the ECT in tender documents Provide advice to agencies on how to include ECT weighting in tender evaluation plan.
Tender Release	<ul style="list-style-type: none"> Assist tenderers to complete ECT or direct them to the OIA if required. 	<ul style="list-style-type: none"> Complete ECT and include with tender 	<ul style="list-style-type: none"> Provide assistance to tenderer with regards to completing ECT where required
Tender Assessment	<ul style="list-style-type: none"> Assess ECT and incorporate result into tender assessment 		<ul style="list-style-type: none"> Provide assistance to RGA if required
Contract Award	<ul style="list-style-type: none"> Record details of ECT and tender as required to meet IPP reporting requirements (see section 8 of these guidelines) 	<ul style="list-style-type: none"> Comply with ECT commitments 	
Ongoing Contract Management			<ul style="list-style-type: none"> Enact Monitoring and Evaluation Framework as appropriate

Table 3: Summary of Roles and Responsibilities – Industry Participation Plans

This table provides an overview of the roles and responsibilities of the RGA, Tenderer and the OIA at each step of the procurement process specific to Industry Participation Plans. This table is to be used as a guide only and needs to be read in conjunction with the relevant sections of these guidelines.

Note that an RGA may request an IPP Plan as part of the tender response outside of the thresholds stated in the Policy based on a determination of the potential economic and social benefit for South Australia, or to a specific region, resulting from the procurement. This determination is in no way an indication of price.

	Responsible Government Agency	Tenderer	Office of the Industry Advocate
Project Inception	<ul style="list-style-type: none"> Check if project is within the scope of SA IPP Advise the OIA if project is over \$4m (\$1m Regional). Forward draft acquisition plan to OIA for review for all projects over \$4m (\$1m Regional) Consider if the minimum weighting should be increased. If Cabinet Submission is required, note that OIA must be consulted 		<ul style="list-style-type: none"> Meet with RGA to discuss application of SA IPP. Review acquisition plan for opportunities to increase local industry participation. Provide assistance and advice to RGA on raising minimum weightings.
Tender Preparation	<ul style="list-style-type: none"> Ensure wording in tender documentation refers to SA IPP Include IPP weighting in tender evaluation plan. Inform OIA of tender open and close dates and likely tender assessment timeframes 		<ul style="list-style-type: none"> For tenders over \$50 million, prepare a template for a Tailored IPP Plan Provide advice to RGA on how to reference the IPP in tender documents and include IPP weighting in tender evaluation plan.
Tender Release	<ul style="list-style-type: none"> Encourage tenderers to contact OIA for assistance to identify capable local suppliers and for assistance with IPP Plan preparation. 	<ul style="list-style-type: none"> Complete IPP Plan and include with tender Contact OIA with regard to project if unable to locate competitive local suppliers 	<ul style="list-style-type: none"> Provide assistance to tenderer with regards to local supplier identification and completing IPP Plan where required
Tender Assessment	<ul style="list-style-type: none"> Provide copy of signed IPP Plans to OIA for assessment Preclude tenders that have not submitted IPP Plans from contract award (on advice from OIA) 		<ul style="list-style-type: none"> Assess IPP Plans and advise RGA on compliance status and score
Contract Award	<ul style="list-style-type: none"> Inform OIA of successful tenderer and contract term. 	<ul style="list-style-type: none"> Comply with IPP Plan obligations Contact OIA with regard to project if unable to locate competitive local suppliers 	<ul style="list-style-type: none"> Assist successful business with finding capable local suppliers where required
Ongoing Contract Management	<ul style="list-style-type: none"> Request IPP Plan report from contractor in line with contract conditions Assess IPP Plan report and forward copy of IPP report and assessment to OIA 	<ul style="list-style-type: none"> Comply with IPP Plan obligations Submit IPP Plan report to RGA in line with contract conditions 	<ul style="list-style-type: none"> Review RGA's assessment of IPP Plan report and follow up with RGA and/or contractor as appropriate Enact Monitoring and Evaluation Framework as appropriate

7. Weighting Assessment

In all procurements where the Employment Contribution Test (ECT) or an Industry Participation Plan applies (see Table 1) a determination can be made by the agency, a Minister or the Premier that the weighting should be increased. Cases for this include where there is potential for significant economic and social benefit for South Australia, or to a specific region, resulting from a particular procurement, including from employment, investment and supply-chain benefits to the State.

7.1. Minimum Weighting

The Industry Participation Policy identifies the minimum mandatory weighting to be applied to the IPP component of the evaluation criteria, with the option to lift the weighting based on the merit of the proposal. This means RGAs, Ministers or the Government have the discretion to increase the minimum mandatory ECT or IPP Plan weighting.

7.2. Merit Assessment

A merit assessment must be conducted by the RGA for each individual procurement activity. The Government can play an important role in stimulating the economy and creating jobs in the private sector through procurement and contracting activities. Below are some examples of where RGAs should consider increasing the IPP weighting above the minimum:

- The contracted activity is based in an area or sector of the economy which presents the opportunity to address high unemployment and/or low socioeconomic standing.
- There is a local supplier option for the procurement of the goods and services which may also provide an opportunity for import replacement.
- The contract presents an opportunity to stimulate a local industry sector that is still developing or which is in decline.
- The contract presents an opportunity for skills transfer or technology exchange.
- The contract presents an opportunity for capital investment providing long term benefits to the State.
- The contracted activity presents an opportunity to support other objectives of the Government such as Aboriginal Participation and Climate Change initiatives.

7.3. Acquisition Planning

The RGA should consider the ECT and IPP Plan weighting at the time of drafting the Acquisition Plan and determining the evaluation strategy with the involvement of the Office of the Industry Advocate.

In all cases where a determination is made to increase the minimum weighting for a procurement, a tailored IPP Plan must be developed in conjunction with the OIA to reflect the criteria upon which the decision to lift the weighting was made.

8. Reporting

8.1. Contractor Reporting Requirements

8.1.1. Employment Contribution Test Reporting

To minimise red tape for businesses, in conjunction with amendments to the State Procurement Board's reporting policy, from 1 January 2015, there is no requirement for businesses to report against ECT outcomes at the completion of the contract. The ECT will remain an integral decision making tool when assessing quotes or tenders and the information contained in the ECT will need to be recorded on the agency's contract register.

8.1.2. South Australian IPP Plan Reporting

Reporting on IPP Plan commitments is to be included as a contractual requirement for all Government procurement where an IPP Plan has been submitted during the tender process. Reporting will compare actual activities with the actions identified in the tenderer's IPP Plan, as well as identify the source and cost of major items purchased to service the contract. A template has been prepared to assist contractors – please refer to the related documents listing at the end of these guidelines.

For contracts up to the value of \$50 million, reports are to be provided **annually** for the duration of the contract, and at completion of the contract.

For all contracts over \$50 million, reporting is to occur at least **bi-annually** throughout the life of the contract and at the completion of the contract.

The OIA can advise Responsible Government Agencies on variations to the standard reporting requirements. Reports are to be provided to the RGA in line with contract conditions. It is the responsibility of the RGA to make an assessment of the report and to keep on file. Should the RGA identify any concerns or discrepancies with the report outside of expectations, the OIA will be notified.

8.2. Agency Reporting Requirements

State Government Agencies will be required to report on their involvement with contracts within the scope of the South Australian IPP as per these guidelines, DPC Circular 33 and the State Procurement Board's Board Procurement Reporting Policy as part of their annual reporting requirements.

8.2.1. Procurement Spend within the scope of the State Procurement Board

In consultation with the OIA, the State Procurement Board (the Board) introduced a contract register policy in August 2014 that requires agencies to record specific information on all procurements from \$33,000 and above. This policy incorporates information specific to the Industry Participation Policy.

In November 2014, the Board released an update to the Board Procurement Reporting Policy that requires agencies to report on the information being collected on the contract register.

The Board will provide the OIA with a copy of this information to satisfy the reporting requirements under the Industry Participation Policy.

8.2.2. Procurement Spend outside the scope of the State Procurement Board

The *State Procurement Act 2004* (the Act) has limited application in some areas of government expenditure and as such, not all procurement spend (and therefore IPP outcomes) is being collected and reported. As the Industry Participation Policy has no limitations in its application, RGAs are required to report to the OIA by 15 August after the end of each financial year, the following information for all contracts above \$33,000 that are not captured by the Board Procurement Reporting Policy. This includes construction works contracts entered into by "prescribed authorities" as well as goods, services and construction works contracts entered into by "prescribed public authorities" when they are outside of the Board Procurement Reporting Policy.

- **General Contract Information**

- Unique Contract Identifier
- Contract title
- Supplier
- Contract execution date
- Contract commencement date
- Contract expiry/completion date
- Contract term, including extension options
- Total estimated value of the contract including all options and GST
- Number of suppliers approached

- **For contracts with an IPP Plan**
 - The number of jobs directly linked to the contract
 - The number of South Australian jobs directly linked to the contract
 - The \$value of investment sourced from South Australia
 - The \$value of investment located in South Australia
 - The overall IPP Plan score for the winning contractor
- **For contracts applying the Metropolitan Employment Assessment Test**
 - The number of labour hours to perform the contract
 - The number of labour hours to be performed in South Australia
 - The score for the test
- **For contracts applying the Regional Employment Contribution Test**
 - The number of labour hours to perform the contract
 - The number of labour hours to be performed in the Region
 - The number of labour hours to be performed in South Australia
 - The score for the test.

8.2.3. CE Performance Agreements

Chief Executives are ultimately responsible for the implementation of the Industry Participation Policy within their agency. Accordingly, the Premier has elected to include reporting against the policy's objectives as a Key Performance Indicator in his performance agreement with each Chief Executive.

For the calendar year of 2015, Chief Executives of agencies that meet the reporting requirements in full, as set out in section 8.2 of these guidelines, will be deemed to have established a baseline as required by the CE Performance Agreement. In future years this baseline will form a reference point for the development of KPIs to be agreed between the Premier and the Chief Executive.

8.2.4. South Australian Industry Participation Policy Reporting

The OIA will provide an annual report to Cabinet on the outcomes of the South Australian IPP, based on the results of each RGAs Industry Participation Scorecard.

9. 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.

10. Definitions

Full, Fair and Reasonable

In the term 'full, fair and reasonable' these words have the following meanings:

- **Full:** local SMEs have the same opportunity afforded to other global supply chain partners to participate in all aspects of a project from project design through to completion.
- **Fair:** local SMEs are provided the same opportunity as global suppliers to compete for contracts on an equal and transparent basis, including being given adequate time in which to tender.

- **Reasonable:** Subject to any explicit requirement of the head contract, tenders are free from technical requirements that might rule out local industry and are structured in such a way that they do not preclude local SMEs from the opportunity to participate in projects and compete for contracts.

When technical specifications are being prepared for contracts, care should be taken to use Australian standards, or standards regularly used in Australia, to ensure that local suppliers are not “designed out” of the contract.

Local labour: The employee’s principal place of residence is to be used to determine South Australian (or regional) labour. Fly-in fly-out arrangements are not to be included in the locational information.

Metropolitan Adelaide is the State Government regions of Western Adelaide, Northern Adelaide, Eastern Adelaide and Southern Adelaide. A map of these regions can be found at [South Australian Government Regions](#).

Region is the relevant State Government region.

Regional South Australia is defined as those parts of South Australia not included as Metropolitan Adelaide.

Note: For projects with activity in both regional and metropolitan areas, the test is where the majority of the activity will be carried out. If the majority of project activity is carried out in regional areas then the regional \$1 million threshold applies. If the majority of work will be carried out in metropolitan Adelaide then the metropolitan \$4 million threshold applies. If you are unsure, contact the Office of the Industry Advocate.

Responsible Government Agency (RGA)

RGAs include both the “public authorities” made or declared and the “prescribed public authorities” declared under the *State Procurement Act 2004* and accompanying regulations.

- For government procurement, the agency responsible for awarding the contract.
- For government support, the agency responsible for administering the support package.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are defined by the Australian Bureau of Statistics (ABS) as businesses employing less than 200 people, or in accordance with the ABS Estimated Value of Agricultural Operations.

Value for money

Consistent with the State Procurement Board definition, value for money is achieved by formulating procurement decisions that achieve the best possible outcome in both financial and non-financial terms in a timely and efficient manner, commensurate with the nature of the purchase. Factors which may be considered in assessing value for money include:

- Fitness for purpose
- Service support and warranty
- Whole of life cost
- Quality
- Timeliness
- Efficiency and effectiveness
- Flexibility
- Intangible costs and benefits
- Price
- Contribution to Government priorities

11. Review

The OIA will review the Industry Participation Policy within five years of its implementation. These guidelines will be updated at least in concurrence with review of the Policy or more often as required.

12. Related Documents

South Australian Industry Participation Policy

Employment Contribution Test

Metropolitan Employment Contribution Test Template

Regional Employment Contribution Test Template

Industry Participation Plans

Industry Participation Policy Declaration of Intent Template

South Australian Industry Participation Policy (Standard) Plan Template

South Australian Industry Participation Policy (Standard) Plan Report Template

Monitoring and Evaluation Framework

South Australian Industry Participation Policy Frequently Asked Questions

DPC Circular 33 – Industry Participation Policy

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