



South Australian Industry Participation Policy

Frequently Asked Questions

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*Measuring Economic Benefit
through Jobs, Investment and
Supply Chain Opportunities*

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What is the Industry Participation Policy?

Local participation in government contracting is critical to the Government of South Australia. The Government wants procurement to generate economic activity, work, investment and innovation in the state economy. The Industry Participation Policy (IPP) aims to ensure South Australian businesses are given full, fair and reasonable opportunity to be considered for contracts being undertaken in South Australia resulting from Government expenditure.

What are my obligations under the policy?

Tenderers are obligated to complete an Employment Contribution Test, IPP Plan or a Tailored IPP Plan as required by the Responsible Government Agency. There will be different templates if the contract is performed in Metropolitan Adelaide or in Regional South Australia. Please see Table 1 in the Industry Participation Policy Procedural Guidelines.

Are the threshold values GST inclusive or exclusive, and based on quoted price or tender value?

All IPP threshold values are GST inclusive. The threshold values refer to the total price you are quoting in your tender response including all options and all possible extensions offered.

What is the Economic Contribution Test?

The Economic Contribution Test (or ECT) is a simple test that assesses the impact of employment and supply-chain on the economy of South Australia.

The (ECT) applies to all procurements between \$33,000 and \$4 million (\$1 million in Regional South Australia). For procurements between \$220,000 and \$4 million (\$1 million in Regional South Australia), 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 be given a minimum 15% weighting as a component of the overall evaluation criteria.

What reporting requirements are there against the Economic Contribution Test?

There are no reporting requirements for contractors against their ECT commitments.

Responsible Government Agencies will be required to report on ECT outcomes for their agency in conjunction with reporting on IPP Plan outcomes on an annual basis.

How do I know if I need to complete an Economic Contribution Test?

The Responsible Government Agency will include information about the ECT, including the link to the test itself, in their tender documentation. If you are tendering and are unsure whether the ECT applies, please clarify with the nominated contact person for the tender.

The Office of the Industry Advocate is available to assist tenderers in completing the ECT if required.

How will industry participation be evaluated?

ECT's and IPP Plans will be assessed against a standard set of criteria. There will be a **minimum 15%** weighting in the tender evaluation process.

If an evaluation for contracts does not use a weighted award criteria (i.e. Comparative Price evaluation) does the 15% weighting apply?

Yes, when procurement is above \$220,000. The score is to be incorporated into the overall evaluation plan. As a minimum, it needs to be included and considered as part of the award decision in choosing between more than one bid.

Does the Economic Contribution Test need to be included in a Direct Negotiation?

Yes. The ECT is a decision tool and provides government with information on which to assess broader value-for-money.

What is different in the Regional Economic Contribution Test or Regional IPP Plan over the Metropolitan Adelaide version?

The Regional requirement considers employment opportunities within the Region and gives a higher score than those that undertake the work in the Region using local residents to the area.

What happens if project activity is in both regional and metropolitan areas?

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 template applies. If the majority of work will be carried out in Metropolitan Adelaide then the metropolitan template applies.

What is considered Regional and what is considered Metropolitan?

Whether a project is classified as 'Metropolitan' or 'Regional' for IPP purposes is relative to the location where the project or contract activity takes place. The term 'Metropolitan' refers to 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](#). 'Regional' refers to any other parts of South Australia.

What if the tenderer will use fly-in, fly-out labour but performed in the State?

Fly-In Fly-out labour should be treated as interstate or overseas labour.

How is South Australian labour determined?

"South Australian labour" for the purpose of the Industry Participation Policy (incorporating the Economic Contribution Test and Industry Participation Plans) is labour performed in South Australia/Region by a person who has their **principal place of residence** in the State/Region.

What projects require IPP Plans?

The IPP Plan requirement applies to the following procurements:

- South Australian Government procurement of goods and services including infrastructure and construction:
 - with a quoted value of \$4 million dollars and over in Metropolitan Adelaide; or
 - with a quoted value of \$1 million dollars and over in Regional South Australia,
- Public/private partnerships above these thresholds, or
- Federally funded infrastructure and construction projects managed by the South Australian Government above these thresholds.

The IPP Plan requirement also applies to:

- Private sector projects receiving \$2.5 million and over in cash and/or in kind support from the South Australian Government, or
- Private Sector Grants above \$2.5 million.

What happens if the project is being funded partly by the South Australian Government and partly by another state or federal government department?

The IPP applies to projects with single or multiple funding sources. It is only when the South Australian Government funding contribution exceeds the relevant threshold that triggers the requirement for IPP documentation.

How does the IPP apply to panel contracts?

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.

Where a panel is established and there is no Tailored IPP plan, the relevant ECT and IPP Plans will apply to the individual purchases made off the panel when above the relevant value.

Which template do I complete the Economic Contribution Test or Industry Participation Plan?

The procurement may call for one or the other, but never both. It should be clear which to complete in the tender.

What happens if permissions have been granted to negotiate a purchase with a single supplier?

The Agency will make a determination about what IPP documentation will be required for the negotiation, based on an assessment of potential economic and social benefit for South Australia or to a specific region, resulting from the procurement.

What if a tenderer does not meet its IPP commitments?

Business' performance against IPP Plan commitments can be taken into account when awarding future government contracts.

An IPP Plan is a condition of tender when the project or contract falls into the scope of the policy or as directed by the tender documentation. If a tenderer does not submit a plan, their tender submission may not be able to be considered. Once a business has been selected for a contract, there may be circumstances where the Industry Advocate may determine that a contractor is not complying with its IPP Plan. The agency can then determine whether or not there is a valid reason for the non-compliance. If there is not a valid reason, it may decide that a breach of contract has occurred and impose remedies as it sees fit. In both cases, the agency will advise the Advocate of the response.

How does local industry get fair consideration when some tenders specify the use of foreign products or standards?

Government agencies must ensure that tender and design specifications do not deliberately or inadvertently exclude local suppliers from having full, fair and reasonable opportunity to tender for projects.

How do I learn more about the Policy?

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