



South Australian Industry Participation Policy Frequently Asked Questions



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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 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 2 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 are the reporting requirements of Industry Participation Plans?

All Industry Participation Plan reporting requirements will be via an online template established by the Office of the Industry Advocate.

Reporting on commitments in an Industry Participation Plan will be submitted to the Industry Advocate using the IP Plan Report template available at www.industryadvocate.sa.gov.au

How will industry participation be evaluated?

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 \$550,000 (or where an RGA determines an IPP Plan will apply 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.

What is difference in the regional component of an IPP Plan over a Metropolitan Adelaide version?

The Regional requirement considers employment opportunities within the Region and gives a higher score than those that undertake the work outside the Region.

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 question in 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 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?

An Industry Participation Policy Plan will apply:

- *optionally* to procurements valued above \$220,000 and up to and including \$550,000 (with the minimum weighting or increased weighting).
- to all procurements valued greater than \$550,000 (with the minimum or increased weighting)

An IPP Plan will apply to both competitive procurements as well as direct negotiations and single sourced procurements as it provides decision makers with guidance on whether the purchase has achieved broader value for money.

An IPP Plan will be applied with the minimum weighting above \$550,000 (or \$220,000 if the RGA determines an IP Plan will apply), except in cases where the weighting has been increased, or where the IPP Plan will not help to differentiate between quotes or tenders – such as direct negotiations or single sourcing.

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?

A Tailored Industry Participation Plan will apply to panels, as follows:

- Stage 1 - During the market approach

Businesses will be required to submit a Statement of Intent which will form Stage 1 of the Tailored Industry Participation process. The information provided will be used to benchmark a Tailored Industry Participation Plan submitted at Stage 2.

- Stage 2 – Secondary procurements

A Tailored IP Plan is required for any secondary procurement from the panel valued above \$550,000 (GST inclusive) and IPP weightings will apply.

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

All industry participation requirements apply to direct negotiations, except the scoring would only be used to provide decision makers with advice over the economic benefit of the procurement. Also, the weighting itself is not required if it does not provide a capacity to differentiate from other options. Reporting and benefit realisation requirements apply.

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. For the Industry Participation Policy to have maximum impact, project design specifications should not be an obstacle to the South Australian supply of required goods or services. Design specifications should use Australian standards, or standards regularly used in Australia and be performance based rather than design specific where possible.

To ensure that the specifications are clear and comprehensive but not discriminatory Government agencies will use generic technical specification and avoid proprietary brand names.

Does the Industry Participation Policy apply to contractors and suppliers?

Yes. Agencies and private parties contracting to the Government of South Australia are required to comply with the South Australian Industry Participation Policy (SAIPP) and the supporting procedural and reporting requirements

How do I learn more about the Policy?

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