



**Government
of South Australia**

Department of the Premier and Cabinet Circular

PCO33 - Industry Participation Policy

Effective 1 October 2017

DPC CIRCULAR – INDUSTRY PARTICIPATION POLICY

Summary

This Circular relates to the application of the South Australian Industry Participation Policy (IPP) which is applicable by all agencies to all Government procurements above \$33,000, grants above \$500,000, and to private projects receiving significant Government support, as detailed below.

This policy directly contributes to the seven key priority areas of Government, with a particular focus on:

- **Growing advanced manufacturing**
- **Realising the benefits of the mining boom for all South Australians.**

The policy is also consistent with the following targets in South Australia's Strategic Plan:

- **Target 35 - Economic growth:** Exceed the national economic growth rate over the period to 2020.
- **Target 38 - Business investment:** Exceed Australia's ratio of business investment as a percentage of the economy by 2014 and maintain thereafter.
- **Target 47 – Jobs:** Increase employment by 2% each year from 2010 to 2016.

Policy Application

The Industry Participation Policy has effect on all Government expenditure for the following activities:

- Procurement of goods and services including infrastructure and construction.
- Public Private Partnership projects to which the Government of South Australia is a party.
- Federally-funded infrastructure and construction projects managed by the Government of South Australia.
- Private sector projects receiving significant Government of South Australia monetary support or value-in-kind.
- Grants to the private sector.

The tiered requirements for Government procurement are outlined in the following table.

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
All procurements	All procurements will consider opportunities for small businesses and start-up businesses operating in South Australia with a view to involving these businesses in the opportunity through provision of a quote or tender	Contractor No reporting requirements Responsible Government Agency (RGA) No reporting requirements
Procurements in Regional South Australia	The relevant Regional IPP requirement applies and RGA will seek at least 1 quote from the Region	Contractor No reporting requirements RGA No reporting requirements
Procurements where an Aboriginal business is tender ready and represents good value	RGAs should actively promote Aboriginal economic participation RGAs should consider the option to single source under \$220,000 RGAs should consider whether to raise IPP weighting above \$220,000 with focus on Aboriginal participation	Contractor No reporting requirements RGA Agencies to set targets and annually report to the Office of the Industry Advocate (OIA)
Government procurement where tender value is between \$33,000 and the IPP Plan threshold	One quote or tender must be from an SA business (or the region) where possible. Economic Contribution Test (ECT) to be completed and forms part of the evaluation of value-for-money. The Regional ECT applies when contract is outside of Metropolitan Adelaide. From \$220,000 the ECT forms a minimum 15% of overall evaluation.	Contractor No reporting requirements RGA Annual reporting on contracting activity including ECT details
Grants to the private sector from \$500,000	IPP requirement determined by the RGA after advice from PPP.	Contractor Reporting requirements will be determined based on the IPP requirements Reports to go to OIA RGA Reporting requirements will be determined based on the IPP requirement

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Private projects receiving \$2.5 million in monetary support or value-in-kind	IPP requirement determined by the RGA after advice from PPP.	<p>Contractor</p> <p>Reporting requirements will be determined based on the IPP requirements</p> <p>Reports to go to OIA</p> <p>RGA</p> <p>Reporting requirements will be determined based on the IPP requirement</p>
Programs of small infrastructure projects – e.g. stimulus package	IPP requirement determined by the RGA after advice from PPP.	<p>Contractor</p> <p>Reporting requirements will be determined based on the IPP requirements</p> <p>Reports to go to OIA</p> <p>RGA</p> <p>Reporting requirements will be determined based on the IPP requirement</p>
Government procurement subject to IPP Plan (above \$4million / \$1 million in Regions)	<p>Submission of an IPP Plan is required for the tender to be considered compliant. The Regional IPP Plan applies when contract is outside of Metropolitan Adelaide</p> <p>IPP Plan has a minimum 15% weighting.</p>	<p>Contractor</p> <p>Minimum of <u>annual</u> reporting against IPP commitments to the OIA</p> <p>RGA</p> <p>Annual reporting on contracting activity including IPP details</p>
Government procurement where tender value is \$50 million and over	<p>Completing a Tailored IPP Plan is required. The PPP will work with the RGA to develop an IPP Plan template tailored to the contract or project.</p> <p>IPP Plan has a minimum 15% weighting</p>	<p>Contractor</p> <p>Minimum of <u>bi-annual</u> reporting against IPP commitments to the OIA</p> <p>RGA</p> <p>Annual reporting on contracting activity including IPP details</p>

Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Opportunities for Expanded Economic Opportunity	<p>Completing a Tailored IPP Plan is required. The PPP will work with the RGA to develop an IPP Plan template tailored to the contract or project.</p> <p>IPP Plan has a minimum 15% weighting.</p>	<p>Contractor</p> <p>Minimum of <u>bi-annual</u> reporting against IPP commitments to the OIA</p> <p>RGA</p> <p>Annual reporting on contracting activity including IPP details</p>
Panel with upfront Tailored IPP Plan	<p>Completing a Tailored IPP Plan is required.</p> <p>IPP Plan has a minimum 15% weighting.</p>	<p>Contractor</p> <p>Minimum of <u>bi-annual</u> reporting against IPP commitments to the OIA</p> <p>RGA</p> <p>Annual reporting on contracting activity including IPP details</p>
Panel contracts with secondary procurements (and no Tailored IPP Plan)	<p>An IPP Plan will 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</p> <p>An 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</p> <p>Industry participation carries a minimum 15% weighting.</p>	<p>Contractor</p> <p>Reporting requirements will be determined based on the IPP requirements for the specific panel to OIA</p> <p>RGA</p> <p>Reporting requirements will be determined based on the IPP requirements for the specific panel</p>

Reporting

State Government Agencies will be required to report on their involvement with contracts within the scope of the Industry Participation Policy.

Procurement Spend within the scope of the State Procurement Board

The State Procurement Board (the Board) has a contract register policy 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.

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 under reports to the Board.

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.

Those RGAs are required to report to the Public Projects and Participation Division of Department of State Development 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.

- **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**
 - Type of IPP Plan – Metro, Regional or Tailored
 - Score for the winning IPP Plan
- **For contracts applying the Economic Contribution Test**
 - Type of ECT – Metro, Regional or Tailored
 - Score for the winning ECT

Chief Executive Performance

One of the Key Performance Indicators under PCO 29 Chief Executive Performance Agreement has been to **measure and evaluate yearly performance of agency Chief Executives against the objectives of the Industry Participation Policy.**

This can be done by agencies by **setting a target for the year and then measuring against this.**

- *Performance can then be tracked at mid-cycle and end of cycle against the baseline*

Notes: Where performance was measured numerically over previous years then target(s) can be set by averaging the previous reported results. Agencies should consider setting targets that exceed historical outcomes.

Contact

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