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.

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.
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<thead>
<tr>
<th>Category</th>
<th>Tender Requirement</th>
<th>Reporting Requirement</th>
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<tbody>
<tr>
<td>All procurements</td>
<td>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</td>
<td>Contractor&lt;br&gt;No reporting requirements&lt;br&gt;Responsible Government Agency (RGA)&lt;br&gt;No reporting requirements</td>
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<td>Procurements in Regional South Australia</td>
<td>The relevant Regional IPP requirement applies and RGA will seek at least 1 quote from the Region</td>
<td>Contractor&lt;br&gt;No reporting requirements&lt;br&gt;RGA&lt;br&gt;No reporting requirements</td>
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<td>Procurements where an Aboriginal business is tender ready and represents good value</td>
<td>RGAs should actively promote Aboriginal economic participation&lt;br&gt;RGAs should consider the option to single source under $220,000&lt;br&gt;RGAs should consider whether to raise IPP weighting above $220,000 with focus on Aboriginal participation</td>
<td>Contractor&lt;br&gt;No reporting requirements&lt;br&gt;RGA&lt;br&gt;No reporting requirements</td>
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<td>Government procurement where tender value is between $33,000 and the IPP Plan threshold</td>
<td>One quote or tender must be from an SA business (or the region) where possible.&lt;br&gt;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.&lt;br&gt;From $220,000 the ECT forms a <strong>minimum 15%</strong> of overall evaluation.</td>
<td>Contractor&lt;br&gt;No reporting requirements&lt;br&gt;RGA&lt;br&gt;Annual reporting on contracting activity including ECT details</td>
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<td>Grants to the private sector from $500,000</td>
<td>IPP requirement determined by the RGA after advice from PPP.</td>
<td>Contractor&lt;br&gt;Reporting requirements will be determined based on the IPP requirements&lt;br&gt;Reports to go to OIA&lt;br&gt;RGA&lt;br&gt;Reporting requirements will be determined based on the IPP requirement</td>
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<td>Opportunities for Expanded Economic Opportunity</td>
<td>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. IPP Plan has a minimum 15% weighting.</td>
<td>Contractor&lt;br&gt;Minimum of bi-annual reporting against IPP commitments to the OIA&lt;br&gt;RGA&lt;br&gt;Annual reporting on contracting activity including IPP details</td>
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<td>Panel with upfront Tailored IPP Plan</td>
<td>Completing a Tailored IPP Plan is required. IPP Plan has a minimum 15% weighting.</td>
<td>Contractor&lt;br&gt;Minimum of bi-annual reporting against IPP commitments to the OIA&lt;br&gt;RGA&lt;br&gt;Annual reporting on contracting activity including IPP details</td>
</tr>
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<td>Panel contracts with secondary procurements (and no Tailored IPP Plan)</td>
<td>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&lt;br&gt;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&lt;br&gt;Industry participation carries a minimum 15% weighting.</td>
<td>Contractor&lt;br&gt;Reporting requirements will be determined based on the IPP requirements for the specific panel to OIA&lt;br&gt;RGA&lt;br&gt;Reporting requirements will be determined based on the IPP requirements for the specific panel</td>
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**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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