

January 2018

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

Department for Industry and Skills

Procedural Guidelines Supplement

Northern Economic Plan Region



Contents

1. Introduction	3
2. Approach for the Northern Economic Plan Region	3
3. Northern Economic Plan Region	3
4. Economic Contribution Test (ECT)	4
a. Up to \$33,000.....	4
b. Between \$33,000 and \$220,000.....	4
c. Between \$220,000 and \$4 million.....	4
5. Tailored IPP Plan	4
a. Between \$4 million and \$50 million	4
b. Above \$50 million	4
6. Contact.....	5

1. Introduction

This supplement provides guidance for the application of the Industry Participation Policy in the northern Adelaide Economic Plan region of South Australia, following the release of the Northern Economic Plan and wider Government commitments. This document needs to be read in conjunction with the South Australian Industry Participation Policy, Procedural Guidelines and other supporting documentation.

In January 2016, The Premier of South Australia, Minister for Employment; Aboriginal Affairs & Reconciliation; Manufacturing & Innovation; Automotive Transformation; Science & Information Economy, and the Mayors from the Cities of Playford, Port Adelaide Enfield and Salisbury, signed a Memorandum of Understanding that commits each party to implementing all aspects of the Northern Economic Plan (NEP).

There are opportunities for people to gain work and local businesses to win work from the substantial amount spent by state and local governments as they invest in the community. Public procurement is a very effective way for governments to support local industry development, innovation and the long-term health of the regional economy.

The State Government has recently increased the weighting it places on local jobs when awarding tenders in northern Adelaide to a **minimum of 20%**. The new rules will apply to all contracts worth \$220,000 or more and includes the Northern Connector Expressway, the Food Park, school and public housing upgrades and the Gawler East Collector Link Road. *(from p57 of the NEP)*

Industry participation requirements apply to all expenditure above \$33,000 to ensure the economic benefit to northern Adelaide is maximised.

To this end, a suite of documents and templates specific to procurement activity by the South Australian Government within the boundaries of the Northern Economic Plan region have been developed.

2. Approach for the Northern Economic Plan Region

The scope of the policy application for the Northern Economic Plan (NEP) Region has not changed from the SA IPP; however the existing framework for Regional application of the SA IPP has been applied to a discrete area within the boundaries of Metropolitan Adelaide, specifically the Local Government boundaries of the Cities of Port Adelaide Enfield, Playford and Salisbury.

The Industry Participation Policy applies to procurements in the NEP Region in the same way it does for the remainder of the State with the following exceptions:

1. Procurements within the boundaries of the NEP Region will apply a **minimum 20%** weighting for the IPP component of the tender evaluation;
2. Tailored templates have been developed for both the Economic Contribution Test (ECT) and Industry Participation Plan and are to be used for **all** State Government procurements that fall within the boundaries of the NEP region.

3. Northern Economic Plan Region

The NEP Region is defined as the council boundaries of the Cities of Port Adelaide Enfield, Salisbury and Playford (please refer to figure 1).

4. Economic Contribution Test (ECT)

A tailored template has been developed to be used for all procurements between \$33,000 and \$4 million within the boundaries of the NEP region.

a. Up to \$33,000

RGA's should consider businesses in the NEP Region for involvement.

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

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).

c. Between \$220,000 and \$4 million

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 20%** as a component of the overall evaluation criteria; however this weighting can be increased following a merit assessment outlined in section 7 of the Industry Participation Policy Procedural Guidelines.

The business will on request meet with the Industry Advocate to discuss the commitments in an ECT and reporting against those commitments.

5. Tailored IPP Plan

a. Between \$4 million and \$50 million

Tenders within the scope of the policy and within the boundaries of the NEP region with a value of \$4 million and above, but less than \$50 million, will require tenderers to prepare a South Australian Tailored IPP Plan – Northern Economic Plan Region.

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 20%**.

b. 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.

Table 1: Industry Participation Policy Requirements

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

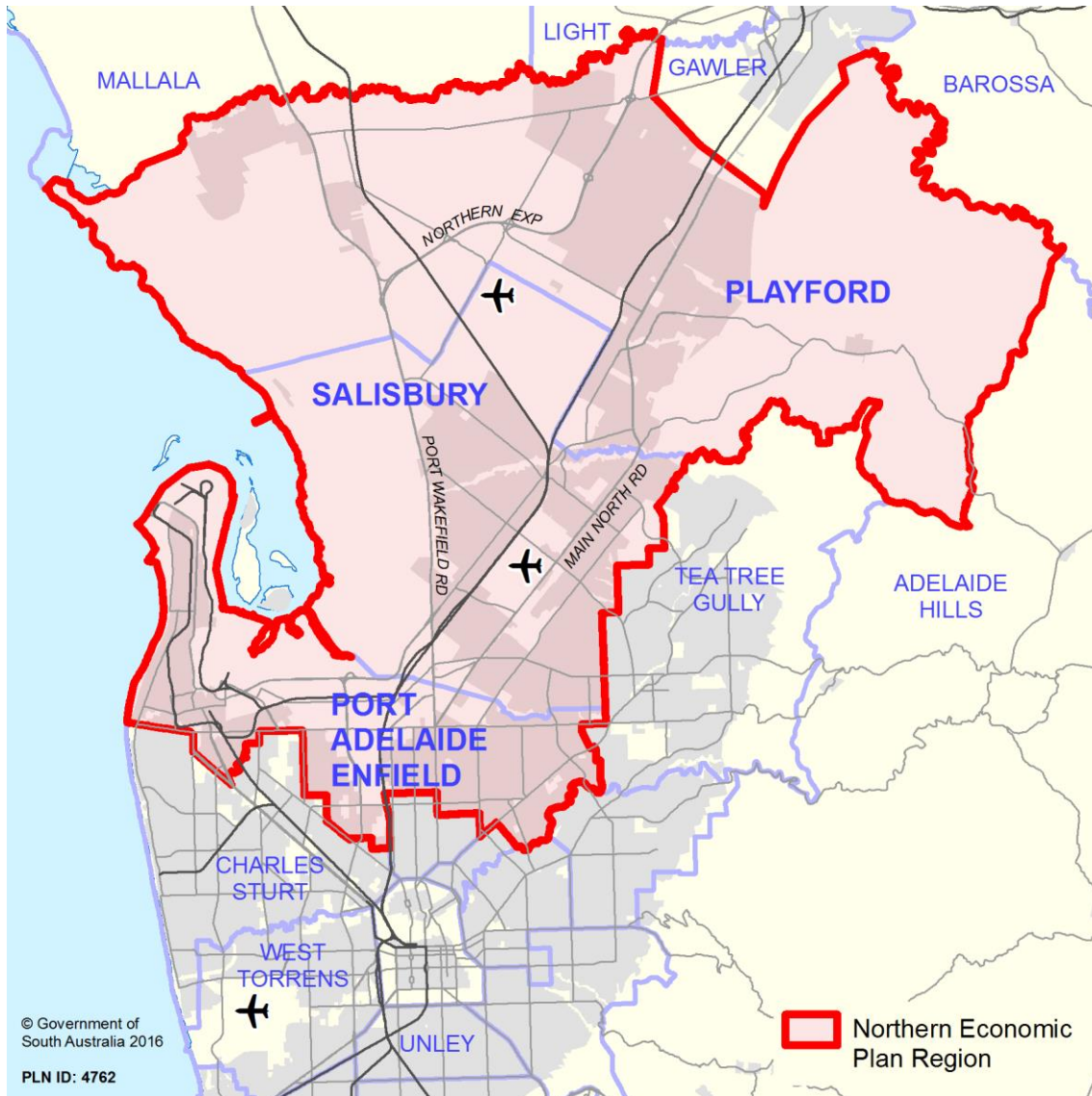
Category	Tender Requirement	Reporting Requirement
	<i>Note that the IPP Requirements below are to include sub-contracting arrangements where they are proposed/exist</i>	
Below \$33,000	Look for a business in the NEPO Region to participate	No reporting requirements
Government procurement where tender value is between \$33,000 and \$220,000 in the NEP Region	Where RGA seeks at least 3 quotes, one must be from an SA business where possible. ECT-NEP Region to be completed. No weighting but ECT used to differentiate bids that represent good value and meet needs of Government.	Contractor No reporting requirements RGA Annual reporting on contracting activity including ECT details
Government procurement where tender value is over \$220,000 but less than \$4 million in the NEP Region	ECT-NEP Region to be completed and forms a <u>minimum 20%</u> of overall evaluation.	Contractor No reporting requirements RGA Annual reporting on contracting activity including ECT details
Government procurement where tender value is equal to or greater than \$4 million but less than \$50 million in the NEP Region .	Submission of a Tailored IPP Plan – NEP Region is required for the tender to be considered compliant. IPP Plan has a <u>minimum 20%</u> weighting	Contractor Minimum of <u>annual</u> reporting against IPP commitments to the the Office of the Industry Advocate RGA Annual reporting on contracting activity including IPP details
Government procurement where tender value is \$50 million and over in the NEP Region	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 <u>minimum 20%</u> weighting	Contractor Minimum of <u>bi-annual</u> reporting against IPP commitments to the Office of the Industry Advocate RGA Annual reporting on contracting activity including IPP details

6. Contact

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Figure 1: Northern Economic Plan Region



The Northern Economic Plan Region is defined as those areas within the Local Government boundaries of the Cities of:

- The City of Port Adelaide Enfield,
- The City of Salisbury, and
- The City of Playford.