




# INDUSTRY PARTICIPTION POLICY

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## 1 Policy Statement

This Industry Participation Policy is designed to promote and measure the economic benefit to the State, Playford and Northern region from labour, capital and supply inputs as part of the tender evaluation process or through direct negotiation.

Industry participation in Council contracting is critical to the State, Playford and Northern Region, generating economic activity, work, investment and innovation to grow the local economy.

Council is committed to ensuring that competitive South Australian based businesses are afforded fair and reasonable opportunity to be considered for contracts being undertaken. The development of the Industry Participation Policy addresses this commitment.

The Industry Participation Policy will not apply retrospectively to contracts commenced prior to Council adoption of the policy.

## 2 Definitions

### Full, Fair and Reasonable

In the term 'full, fair and reasonable' these words have the following meanings:

- **Full:** local Small and Medium Enterprises (SMEs) have the same opportunity afforded to other global supply chain partners to participate in all aspects of a project from project design through to completion.
- **Fair:** local Small and Medium Enterprises are provided the same opportunity as global suppliers to compete for contracts on an equal and transparent basis, including being given adequate time in which to tender.
- **Reasonable:** Subject to any explicit requirement of the head contract, tenders are free from technical requirements that might rule out local industry and are structured in such a way that they do not preclude local SMEs from the opportunity to participate in projects and compete for contracts.

When technical specifications are being prepared for contracts, care should be taken to use Australian standards, or standards regularly used in Australia, to ensure that local suppliers are not "designed out" of the contract.

**Council** is the City of Playford

**Metropolitan Adelaide** is the State Government regions of Western Adelaide, Northern Adelaide, Eastern Adelaide and Southern Adelaide.

**Local Region** is the relevant City of Playford region.

**Northern Region** is defined as those regions or Council areas located North of Grand Junction Road, South Australia

**Small and Medium Enterprises** are defined by the Australian Bureau of Statistics as businesses employing less than 200 people, or in accordance with the ABS Estimated Value of Agricultural Operations.

**Value for money** Consistent with the State Procurement Board definition, value for money is achieved by formulating procurement decisions that achieve the best possible outcome in both financial and non-financial terms in a timely and efficient manner, commensurate with the nature of the purchase. Factors which may be considered in assessing value for money include:

- Fitness for purpose
- Service support and warranty
- Whole of life cost

- Quality
- Timeliness
- Efficiency and effectiveness
- Flexibility
- Intangible costs and benefits
- Price
- Contribution to Government priorities.

### 3 Objective

The Industry Participation Policy is aimed at delivering greater economic benefit to the region from Council procurement. These benefits include:

- improved industry capability and capacity through capital investment
- employment and workforce development
- retention of economic activity in the state
- additional value adding activities, innovation and supply chain development.

A key objective of the Industry Participation Policy is to ensure that capable South Australian Small and Medium Enterprises are afforded full, fair and reasonable opportunity to tender and participate in significant publicly funded or supported projects.

Value for money remains the prime consideration in evaluating tender bids for Council contracts. However, when assessing value for money, the broader impact of the contract to the region on a whole of life basis, including the benefits to local industry, should also be considered. The policy supports this outcome.

### 4 Policy Scope

The Industry Participation Policy has effect on all Council expenditure above \$20,000 for the following activities:

- Council procurement of goods and services including infrastructure and construction.
- Public Private Partnership projects.
- Federal, State or joint funded infrastructure and construction projects managed by the Council.

The policy has a tiered structure to ensure the costs of compliance are appropriate to the opportunity for local industry participation and minimise red tape requirements for business and government. The policy will be embedded into Council procurement policies and procedures.

There are no specific requirements for tenders with a value of less than \$20,000; however Council should consider local businesses wherever possible and encourage successful tenderers to consider using local Small and Medium Enterprises.

### 5 Thresholds

The Industry Participation Policy threshold commences from \$20,000 with emphasis on jobs and extends to subcontractor activity. Thresholds are aligned with Councils Procurement Policy and exclude GST.

For all expenditure above the threshold, Council will be required to advise all interested parties of the requirements of the Industry Participation Policy at the initial invitation stage. This stage applies to any approach to market including, but not limited to Request for Quotes, Request for Tenders, Request for Proposals or Direct

Negotiations. At that time, potential tenderers will be informed of Industry Participation Policy requirements including:

- Requirement to complete an Employment Contribution Test.
- Requirement to complete an Industry Participation Policy Plan.

### **5.1 Other Activities**

For contracts where there is no fixed lump sum, such as standing order contracts or schedule of rates contracts the relevant Industry Participation Policy requirement will be selected based on Council's estimated total contract value and/or the potential economic contribution to the State or region from the procurement.

## **6 Employment Contribution Test**

An Employment Contribution Test applies to all procurements \$20,000 and above, but below \$1M.

### **6.1 \$20,000 and under \$100,000**

For procurements with a value between \$20,000 and up to \$100,000 where a minimum of three quotes are being sourced, Council is required to seek at least one quote from a Northern Region source where possible.

### **6.2 \$100,000 and above and below \$1M**

For procurements with a value of \$100,000 and above but below \$1M, the Employment Contribution Test will apply in the same manner as is required for procurements between \$20,000 and \$100,000 however in this higher value range, the Employment Contribution Test will be given a specific minimum weighting of 10% as a component of the overall evaluation criteria.

## **7 Industry Participation Policy Plan**

An Industry Participation Policy Plan applies to all procurements \$1 million and above.

### **7.1 \$1 Million and above**

For procurements \$1 million and above, the tenderer will be required to submit a Council Industry Participation Policy Plan. Council Industry Participation Policy Plans will provide a clear statement of the tenderer's commitment to the policy and identify the approach a contractor will undertake to identify opportunities to optimise the benefits to the Northern Region and or State economy and to use local industry. The level of detail required will depend on the size and complexity of the contract.

An Industry Participation Policy Plan will carry a weighted evaluation criterion of a minimum 10% in the tender evaluation process for Council contracts. However a consideration will be given to increasing the minimum weighting based on merit.

### **7.2 Compliance after Contract Award**

The commitments made by a tenderer in their Industry Participation Policy Plan will become a condition of contract should they be successful and regular reporting against the Industry Participation Policy Plan commitments will be required. Council reserves the right to negotiate or clarify commitments in any Industry Participation Policy Plan submitted prior to finalisation of a contract. Following the execution of a contract, any changes proposed by the successful

tenderer will need to be authorised by Council, where it relates to commitments made in the Industry Participation Policy Plan.

## 8 Measurement and Reporting

### 8.1 Employment Contribution Test

There are no reporting requirements against the Employment Contribution Test for contractors.

### 8.2 Industry Participation Policy Plans

Reporting on Council Industry Participation Policy Plan commitments will be a contractual requirement for contractors.

### 8.3 Council Reporting

Council will report on Industry Participation Policy outcomes annually.

## 9 Responsibilities

The Procurement Team is responsible for communicating, implementing and monitoring compliance to the policy.

## 10 Relevance to Council Plan

- Strategy 5. Building our capabilities
- Outcome 5.1 Highly performing organisation
- Outcome 5.2 Delivering value for money services

## 11 Related Documents – CoP Policies and Guidelines

- City of Playford - Industry Participation Policy Guidelines (In Development)
- City of Playford - Procurement Policy
- City of Playford - Procurement Policy Guidelines and associated forms
- City of Playford - Unsolicited Proposal Guidelines and associated forms (In development)
- City of Playford - Contract Management Framework (In Development)

## 12 Related Documents – Industry Participation Policy Documents

- CoP Employment Contribution Test
- CoP Industry Participation Plan Template

## 13 Approval and Change History

Version	Approval Date	Approval by	Change
1	28/06/2016	Council (Resolution 2603)	New Policy