



New South Wales Government

# NSW Government Procurement:

## *Local Jobs First Plan*

----- For NSW Government agencies and State Owned  
Corporations (as directed) -----

February 2010

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This Plan is available from the government procurement website [www.nswprocurement.com.au](http://www.nswprocurement.com.au).

For further information on the Plan contact Industry and Investment NSW by phone (02) 9338 6600 and email [ljfp@business.nsw.gov.au](mailto:ljfp@business.nsw.gov.au)

### Version

Issue number	Release date	Details
2.0	October 2006	Economic Development Guidelines: Minor editorial changes
2.1	October 2008	Economic Development Guidelines: update of price preference schemes
3.0	16 June 2009	Economic Development Guidelines replaced by Local Jobs First Plan. Requirements of the Local Jobs First Plan came into operation from 29 June 2009.
3.1	22 February 2010	Threshold introduced; clarification of operational issues; CIPS information updated.

### Related policy documents

NSW Government Procurement Policy  
 NSW Government Code of Practice for Procurement  
 NSW Government Tendering Guidelines

## Table of Contents

1 About this Plan .....	4
2 Local Jobs First Plan requirements.....	6
3 Price Preference Schemes .....	9
Australian and New Zealand Price Preference Margin .....	9
Country Industries Preference Scheme .....	10
4 SME participation.....	11
SME participation criteria.....	11
SME Participation Plan (SMEPP) .....	11
Evaluation of SME Participation Plans .....	12
5 Compliance, reporting and complaints .....	16
6 Further information and assistance.....	17
Annexure A: Framework for assessing and evaluating impact on ANZ-SMEs .....	19
Annexure B: Country Industries Preference Scheme .....	23
Application for registration – COUNTRY INDUSTRIES PREFERENCE SCHEME .....	25

# 1 About this Plan

The NSW Government's Procurement Policy recognises that value for money is about broader economic benefit and not just the lowest price. The NSW Government acknowledges that economic benefits flow from procuring Australian or New Zealand (ANZ) goods and services and maximising opportunities for service providers to compete for Government business on the basis of value for money. Consistent with NSW's international obligations such as Free Trade Agreements (FTAs), the Local Jobs First Plan (the *Plan*) is applied to benefit small and medium enterprises (SMEs).

This Plan improves opportunities for small and medium enterprises to compete when providing Australian and New Zealand content in the goods and services required by agencies to deliver the Government's priorities and services. For the purposes of the Plan, SMEs are Australian and New Zealand firms employing up to 500 full-time equivalent persons.

The Plan came into operation from 29 June 2009 and applies to the procurement for all goods and services, including information and communications technology (ICT) and consultancies valued above \$700,000 by NSW Government agencies and State Owned Corporations (as directed). The Plan applies to all methods for procuring these goods and services, including standing offer arrangements (period and panel period contracts), pre-qualification panels and/or any preferred supplier schemes, and one-off contracts.

The Plan will remain in effect until 30 June 2011. The status of the Plan will be reviewed in light of prevailing economic conditions.

The requirements of the Plan need not be responded to in Expressions of Interest (EOI) and Request for Proposals (RFP), although potential tenderers should be advised at the EOI or RFP stages that the requirements of the Plan will be included in subsequent stages of the multi-staged procurement process.

The Plan does not apply to:

- Construction works and related services (such as consultancies). The Plan applies to maintenance contracts, unless it is part of a construction package.
- Community service grants, unless purchasing a service from State contracts or other prequalified panels.
- Goods and services contracts awarded prior to the Plan coming into operation.
- Requests for tender that were in the market or under evaluation as at 29 June 2009.

## Glossary

**ANZ-SME content:** the value-added content sourced from Australia or New Zealand based small and medium enterprises. ANZ-SME content includes ANZ value-added in supply chains by SMEs where such value addition can be demonstrated. It excludes overseas-based value addition and/or imported content. Goods not manufactured in New Zealand but imported via New Zealand and offered in a tender are not considered ANZ goods.

**Construction works** are those activities related to demolition, building, construction maintenance, landscaping, civil engineering, mining and heavy engineering.

**Local content:** *see ANZ-SME content.*

**Price preference schemes:** Australian and New Zealand Price Preference Margin (ANZPPM) and the Country Industries Preference Scheme (CIPS).

**SME:** small and medium enterprise(s). For the purposes of this Plan, the term ‘SME’ refers to small and medium enterprises from NSW, other States and Territories of Australia or New Zealand, with up to 500 full-time equivalent employees. For this definition of SME, grouping provisions apply. If the SME is controlled by another legal entity (e.g. a parent company), the 500 employee figure is aggregated across both entities i.e. subsidiaries of larger companies are classified according to their parent company employee levels.

**SME Participation Plan (SMEPP):** a plan submitted by tenderers in response to a tender. An SMEPP describes the nature of, or proposed nature of, a tenderer’s engagement with ANZ SMEs. An important aspect of SMEPPs is SME capability development.

**Value addition:** the value of the firm’s output (price) minus the value of all its inputs purchased from other firms.

## 2 Local Jobs First Plan requirements

The Local Jobs First Plan introduces ANZ-SME development as an objective under the NSW Government's Procurement Policy framework. Agencies are to integrate the following practices into their procurement planning and procurement actions.

1. Establish specifications and evaluation procedures that provide ANZ-SME service providers with the opportunity to compete on the basis of value for money.
2. Design tendering procedures that minimise costs to tenderers and include SME participation criteria in the tender. For contracts above \$4 million, the SME participation criteria is incorporated in the requirement for SME participation plans (see section 4).
3. Identify ANZ-SME capability in major areas of procurement and provide adequate advance notice to industry of all major purchases to enable planning for participation in government procurement.
4. Ensure that the tender documents require tenderers to submit with their response the value of ANZ-SME content along with the tendered price.
5. Provide a briefing for potential providers for complex tender submissions.
6. Apply NSW Government Price Preference Schemes to the evaluation of bids for all goods and services procurement valued above \$700,000.
7. Provide information to unsuccessful tenderers to improve their competitiveness. Information disclosure should be timely and consistent with Government disclosure requirements as detailed in Premier's Memorandum M2007-1.

Period contracts (e.g. State Contracts) are standing offers for the provision or disposal of goods or services over the term of the period contract and an agency can access by placing an order. As period contracts are not fixed volume commitments, the SME Participation Plans do not have to be sought at the time of their establishment. When agencies undertake quotations or tenders from panellists on period contracts the procurement action must comply with the requirements of the Plan.

A Prequalification Scheme can be established to provide agencies with a short-list of qualified suppliers that meet specified criteria. As there is no fixed commitment associated with pre-qualification schemes, the requirements of the Plan do not apply at the establishment of the scheme. However, when agencies undertake quotations or tenders from pre-qualified suppliers, the procurement must incorporate the relevant threshold requirements of the Plan.

For direct approaches to a single panellist on a period contract, a single pre-qualified supplier, or when undertaking direct negotiations with a supplier, the supplier must be asked to provide, subject to the relevant threshold, their commitment to either SME participation criteria and SME Participation Plans. The commitment does not have to be evaluated but will form part of the supplier's contract obligations.

Where a competitive procurement process is being applied, Government agencies are to take the following actions in all procurement processes, that is when bids are invited from

suppliers of goods and services (see attached graphic).

Procurement value over \$700,000 and up to \$1 million

Agencies are to:

- Identify SME service providers and provide them with an opportunity to submit quotes or tender responses;
- Consider the scope of ANZ-SME participation opportunities offered by the procurement in their procurement plan;
- Integrate Local Jobs First Plan criteria into the tender, including appropriate criteria in the tender evaluation process if there are particular opportunities for ANZ-SMEs in the procurement action; and
- Apply the NSW Government Price Preference Schemes to tenderer bids.

Procurement value between \$1 million and \$4 million

In addition to the actions required for procurement valued up to \$1 million, agencies are to:

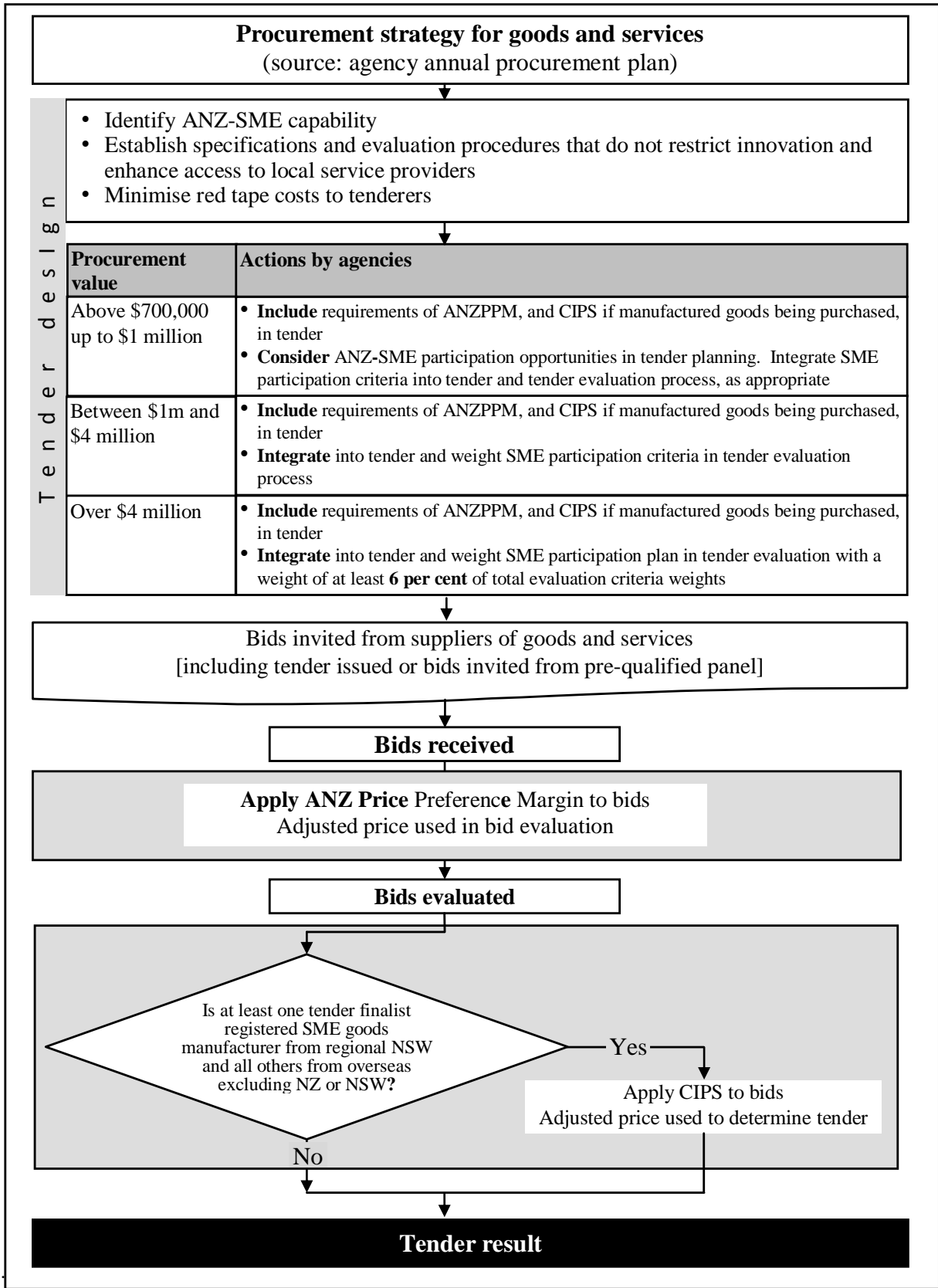
- Ensure tenders include SME participation criteria that are also weighted in tender evaluation (see section 4 and Table 3).

Procurement value above \$4 million

In addition to actions required for procurement valued at up to \$1 million, agencies are to:

- Require tenderers to submit a Small to Medium Enterprise Participation Plan (SMEPP) which includes SME participation criteria (see section 4 and Tables 3 & 4); and
- Apply a weighting to the evaluation of SMEPPs that is at least 6 per cent of the total weighting for all evaluation criteria.

Figure: Local Jobs First Plan



### 3 Price Preference Schemes

The Price Preference Schemes have two elements:

- ANZ Price Preference Margin; and
- Country Industries Preference Scheme.

The Schemes are applied to the tendered price for the purpose of tender response evaluation only.

#### Australian and New Zealand Price Preference Margin

The Australia and New Zealand Price Preference Margin (ANZPPM) provides a 20 per cent price discount to be applied to the ANZ-SME content in offers from tenderers. This preference is applied in tender evaluations by giving a percentage discount to the ANZ-SME content that tenderers have declared in their bids.

The percentage discount is not based on whether the tenderer is an SME. Rather, the percentage discount is applied on the ANZ-SME content of goods and services offered by the tenderer. Therefore, a large tenderer that buys from SMEs and offers goods with embedded ANZ-SME content will receive the same benefit as another tenderer that offers goods and services with similar embedded content supplied by ANZ-SMEs.

Agencies should ensure that the tender documents require tenderers to submit the value of ANZ-SME content of the goods and services offered. Where tenderers do not provide the required information on ANZ-SME content for ANZPPM and their own value-addition in tendered goods (CIPS), tendered prices will not be adjusted by the ANZPPM discount and/or CIPS discount and tendered prices will be used in the tender evaluation.

In the example below, Tenderer C initially has the lowest tender price, but Tenderer A is calculated as having the lowest tender price for the purposes of tender evaluation following the application of the ANZ Price Preference margin.

**Table 1:** Application of the ANZPPM

<b>Tenderer (all figures in '000s)</b>	<b>A</b>	<b>B</b>	<b>C</b>
Non-ANZ-SME content	6,000	5,000	9,800
ANZ-SME content	9,000	10,500	5,000
Actual tender price [Non-ANZ SME content + ANZ-SME content]	15,000	15,500	14,800
ANZPPM discount to tendered prices @ 20% discount on ANZ-SME content	1,800	2,100	1,000
Preference adjusted tender price	13,200	13,400	13,800

## Country Industries Preference Scheme

The Country Industries Preference Scheme (CIPS) is applied to support registered SME goods manufacturers in country NSW and provides for price preference margins of 2.5 per cent and 5 per cent depending on the location of the tendering firm. The Country Industries Preference is applied in tender evaluation if:

- The preferred tenderer after application of all other evaluation criteria is not from another State, Territory or New Zealand;
- The country SME goods manufacturer claiming the preference margin is registered with Industry and Investment NSW and quotes its CIPS number on its tender response (see Appendix B for information for applicants and registration application form); and
- The country-based goods manufacturer is the prime contractor tendering to supply goods and related services for which it is registered with Industry & Investment NSW.

Where the preferred tenderer is from metropolitan NSW or an overseas manufacturer (other than New Zealand), approved NSW country SME manufacturers:

- Located outside the County of Cumberland (greater Sydney area), the cities of Newcastle, Wollongong, Penrith and Liverpool, the Camden local government area and the local government areas listed below under (b) will receive a preference discount of 5 per cent;
- Located in the local government areas of Port Stephens, Wyong, Wollondilly, Wingecarribee and Kiama, the cities of Gosford, Lake Macquarie, Maitland, Cessnock and Blue Mountains, Shellharbour and Kiama will receive a preference discount of 2.5 per cent.

The CIPS is not applied where the Request for Tender is limited to services with no manufacturing component.

**Table 2:** Application of the Country Industries Preference Scheme

Tenderers: <b>manufactured</b> goods suppliers (all figures in '000)	A	B	C
Tenderer location	Sydney metro	Group (a) CIPS: 5%	Group (b) CIPS: 2.5%
Is tenderer an ANZ-SME?	Yes	Yes	Yes
<b>Tenderer</b> value addition	n/a	5,000	5,000
Actual tender price	15,000	15,500	14,800
CIPS discount to tender price	Nil	250	125
CIPS and ANZPPM discount applied to tender price	1,800	2,350	1,125
Price used for tender evaluation	13,200	13,150	13,675

Following the application of the ANZPPM and CIPS discount to tendered prices, the adjusted prices are used in tender evaluation.

## 4 SME participation

All tendering agencies should have regard to the impact on small and medium enterprises of their procurement action. Procurement action over \$4 million must include tender evaluation criteria for SME Participation Plans weighted at a minimum of 6 per cent.

Tenderers for these larger contracts are required to submit an SME Participation Plan that includes quantitative information on employment, investment and other impacts and comment on their SMEs engagement in supply chains. A SME Participation Plan template is provided in **Table 4** of this document.

Tenderers may consult the **NSW Industry Capability Network** for the purposes of developing their SME industry engagement strategies and identifying potential suppliers. This will also help to refresh knowledge of industry and supplement lists of suppliers.

### **SME participation criteria**

SME participation includes those activities undertaken in Australia or New Zealand by SMEs relating to the development, design and management of a project, delivery of goods or selected services. This includes activities that the tenderer will undertake as well as those that it will contract out to other parties.

For procurements of value between \$1 million and \$4 million, SME participation requirements are to be included in the RFT by identifying the SME participation criteria that the tenderer needs to satisfy. The SME participation criteria can be found in **Table 3**.

For procurement above \$4 million, SME participation will be included in evaluation in all cases through a requirement on tenderers to submit an SMEPP.

### **SME Participation Plan (SMEPP)**

Service providers are to develop an SMEPP to be included in their tender response where the value of goods and services being procured is over \$4 million. The SMEPP should include:

#### Mandatory

- The dollar value of ANZ-SME content;
- The value of investment in plant or other capital in ANZ-SMEs that will result from the contract;
- The number of existing and new employees engaged in ANZ-SME firms delivering the contract and their location;
- The number of ANZ-SME suppliers that will win work as a result of the contract and their employment numbers;
- The number of apprentices and trainees in ANZ-SMEs supported by the contract; and
- ANZ-SME regional economic impact, skills development and technology transfer outcomes increased or secured that result from the contract.

### Optional

- Arrangements (including supply chain management) for managing the requirements, monitoring performance and reporting under the Plan
- Other contributions the supply arrangement will make to ANZ-SMEs.

Following evaluation of tender responses, the SMEPP prepared by the successful tenderer forms part of the contract with the agency.

### **Evaluation of SME Participation Plans**

Tender evaluation of procurement valued over \$4 million includes a tender evaluation criterion that assesses submitted industry participation plans. The weighting of this criterion is to be at least 6 per cent of the total weighting for all evaluation criteria. The weightings assigned to each individual component of the SMEPP Participation Plan should take into account a range of factors, such as:

- Size and value of the contract;
- Nature of the procurement, for example, acquisition of services only, acquisition of goods only or a mix of goods and services; and
- Government policy settings, such as in relation to innovation, economic development, social development objectives, climate change and sustainability, training etc.

A sample SMEPP template is provided in **Table 4**. If relevant to the contract, agencies may consider additional components to the SMEPP.

Where tenderers do not provide an SME Participation Plan, they will be awarded a score of zero on the SMEPP criteria in tender evaluation.

Table 3: SME PARTICIPATION CRITERIA

Key Criteria	Description	Tender Response
The dollar value of ANZ-SME content in supply chain.	Specify the level of value-added attributable to ANZ-SMEs involved in supply chains to the tenderer.  Note: Claims of ANZ-SME involvement should be demonstrable.	<i>Insert dollar value</i>
The value of new investment in plant or equipment in ANZ-SMEs that will result from the contract.	The expected value of new investment in plant or equipment in ANZ-SMEs that will result over the whole life of the contract.	<i>Insert dollar value</i>
The number of retained and new employees engaged by ANZ-SME firms involved in the supply chain for the delivery of the contract's requirements.	Provide details of the number of jobs that will be created or retained in ANZ-SME firms involved in the supply chain for the delivery of the contract's requirements.	<i>Insert the estimated number of jobs to be created and/or retained over whole life of contract.</i>
The number of ANZ-SME suppliers that will benefit as a result of the contract and their employment numbers.	Provide details of the number of intended ANZ-SME suppliers that will benefit as a result of the contract and their employment numbers.  Note: Claims of ANZ-SME involvement in the supply chain should be demonstrable.	<i>Insert the number of ANZ-SME suppliers.</i>  <i>Insert the employment numbers for each SME.</i>
The number of apprentices and trainees engaged by SME suppliers involved in the supply chain for the delivery of the contract's requirements.	Number of apprentices and trainees engaged by SME suppliers involved in the supply chain for the delivery of the contract's requirements. <ul style="list-style-type: none"> <li>This number should be based on apprentices and/or trainees registered with the BVET or equivalent agency in the State or Territory.</li> </ul>	<i>Insert the number of apprentices and trainees.</i>
ANZ-SME regional economic impact, increased or secured training, skills development of employees engaged by SME suppliers involved in the supply chain for the delivery of the contract's requirements, and technology transfer that would benefit ANZ-SME suppliers involved in the supply chain as a result from the contract.	Identify opportunities for ANZ-SME regional economic impact, increases the training and skills development of employees engaged by ANZ-SME suppliers involved in the supply chain for the delivery of the contract, and any technology transfer that would benefit ANZ-SMEs as a result of the contract.	<i>Insert ANZ-SME regional economic impact, training, skills development and technology transfer commitments.</i>

## Table 4: SME PARTICIPATION PLAN

**Tenderer name:** *[Insert tenderer name]*

### **Tender details**

Request for Tender name: *[Insert RFT name]*

Request for Tender number: *[Insert RFT number]*

Contract description:

Provide a short description of the scope of contract here:

### **Dollar value of ANZ-SME content**

The demonstrated level of value-added attributable to SMEs involved in the supply chain over the life of the contract: *[insert \$ value]*

### **Investment in plant and equipment**

Based on the tender proposal, it is envisaged that this contract would create approximately *[insert \$value]* of new investment in plant and equipment in SMEs over the life of the contract.

### **Employment created and retained in ANZ-SME firms**

Based on the tender proposal, it is envisaged that this contract would create approximately *[insert job number]* full-time equivalent jobs and retain approximately *[insert job number]* over the life of the contract for ANZ-SMEs involved in the supply chain for the delivery of the contract's requirements.

### **Skills, training and technology transfer**

Detail the planned training and skills development of employees in ANZ-SMEs and the potential to undertake innovation, research and development of technology. This could include:

- List training programs;
- Achievement awards;
- Indicate opportunities for the engagement and training of apprentices;
- Identify and describe opportunities for increasing skills of the employees;
- Identify the potential to undertake further innovation and / or research and development of contract related technology; and
- Any technology transfer that occurs as a result of imported technology.

### **Identification of SME products and capabilities that contribute to the delivery of the contract**

This could include:

- A proposal for consulting with the ICN, Government organisations, local industry and other groups to identify the availability of goods and services from SMEs to meet the requirements of the contract;
- Detailing the means by which ANZ-SMEs in the supply chain are alerted to upcoming tenders and contract requirements;
- Methods for promoting the concept of ANZ-SME participation with consultants, subcontractors and others involved with the contract;
- A commitment to liaising with international suppliers to increase opportunities for ANZ-SMEs including manufacturing under overseas licensing arrangements and technology transfer; and
- Establishing procedures and policies that encourage ANZ-SME participation.

**Assessment and comparison of SME products and capabilities with overseas equivalent**

This could include:

- Procedures to be based on "whole of life" cost parameters and appropriate quality and performance indicators;
- Benchmarks for the evaluation of proposals and alternatives;
- Procedures for assessing the ANZ-SME content in a product or service;
- Procedures for ensuring that ANZ-SME products and services are evaluated against imported goods and services.

**Monitoring and reporting on outcomes for ANZ SME involvement**

This could include:

- SMEPP commitments secured against contract levels;
- Frequency of monitoring and reporting and associated mechanisms;
- Procedures for corrective action should inappropriate or ineffective action be determined;
- Frequency and level of internal assessment of the effectiveness of the implementation of the Plan;
- Frequency of external assessment of subcontractor and supplier commitment to local industry participation;
- Level of use of ICN and other organisations to assist in the identification of competitive local sources of supply; and
- The ICN can assist in the monitoring of compliance with SMEPP commitments as part of overall performance management.

**Statement of Compliance**

Tenderers must state that in submitting a tender and a SMEPP they agree to take all reasonable steps to comply with SMEPP principles.

Should [insert full name of tenderer] be the successful tenderer for this project, we shall:

- Take all reasonable steps to comply with SMEPP principles;
- Agree to be monitored by the Department or Agency for compliance with SMEPP commitments as part of overall performance management; and
- Acknowledge that the SMEPP Plan may be centrally recorded by the NSW Government.

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**Signed on behalf of *[insert full name of tenderer]:***

Signature: *[Insert Director's signature]*

Name: *[Insert Director's name]*

Title: *[Insert Director's title]*

Date: *[Insert date]*

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## 5 Compliance, reporting and complaints

### Compliance

Agencies are to establish mechanisms to monitor compliance by successful tenderers to the commitments under the SME Participation Plans.

Contracts should include appropriate contractual provisions in the event of non-compliance with requirements relating to SME participation. In the case of procurements valued over \$4 million, tendered SME Participation Plans form part of the contract.

Where the Plan outcomes reported by a successful tenderer do not meet the levels committed to in the contract, the agency should identify whether there has been a valid reason for non-compliance with contract conditions. Where no valid reason can be identified, the agency may determine that this represents a breach of contract and impose appropriate remedies.

### Reporting

Agencies should commence measuring the effectiveness of their procurement in achieving the objectives of the Plan as soon as practicable. Agencies and State Owned Corporations (as directed) are to report on the Plan's implementation and outcomes annually on their respective websites.

### Complaints

To ensure that potential tenderers are aware of the existence of a complaint management system, the following text should appear in the request for tender or proposal documents:

**Should any Australian or New Zealand service provider feel that they have been excluded from tendering or penalised in any way by contract terms or specifications in this tender or proposal they are invited to write in confidence to:**

**Chair  
State Contracts Control Board  
Level 22 McKell Building  
2-24 Rawson Place  
SYDNEY NSW 2000**

## 6 Further information and assistance

For advice on the Local Jobs First Plan contact:

**Industry & Investment NSW**

GPO Box 5477

Sydney NSW 2001

Phone (02) 9338 6600

Website: [www.business.nsw.gov.au](http://www.business.nsw.gov.au)

For advice on tender design and seeking local suppliers contact:

**NSW Industry Capability Network**

Suite 3, Century Plaza, 80 Berry Street,

North Sydney NSW 2059

Phone (02) 9025 3150

Email [enquiry@icnsw.org.au](mailto:enquiry@icnsw.org.au)

<http://www.icnsw.org.au>

The NSW Industry Capability Network (ICN) is a not-for-profit organisation funded by the NSW Government to promote Australian industry by increasing local participation in all major procurement activities. ICN provides a technical service to buyers and nominates competitive manufacturers of locally made goods and services across all industry sectors and major projects. ICN has seven offices in regional NSW.

For Government agencies, ICN provides:

- Advice on activities with potential for local industry involvement;
- Nomination of potential metropolitan and regional tenderers;
- Introduction to competitive suppliers;
- Analysis and assessment of bidders' SME Participation Plans;
- Certification of post-tender changes and contract outcomes.

For tenderers and industry, ICN provides:

- Explanation of Local Jobs First Plan requirements;
- Advice on activities with potential for local industry involvement;
- Advice on how to complete SME Participation Plans;
- Introduction to competitive suppliers.

ICN provides assistance to agencies and tenderers on a fee-for-service basis for identifying local suppliers and for providing advice on tenders and bids.

For advice relating to NSW Government procurement services, contact:

**Department of Services Technology and Administration**

NSW Procurement, a business unit of the Department of Services, Technology and Administration, provides a range of procurement products and services, including State Contracts Control Board contracts. For information on these products and services, contact:

Client Support Centre, NSW Procurement  
Department of Services, Technology and Administration  
1800 NSW BUY (679 289)  
[nswbuy@commerce.nsw.gov.au](mailto:nswbuy@commerce.nsw.gov.au)  
Fax: 02 9372 8687

For queries related to particular tenders, contact the nominated contact person for tender.

## Annexure A: Framework for assessing and evaluating impact on ANZ-SMEs

This annexure provides a framework for assessing and considering increasing ANZ-SME opportunities in procurement. This should be incorporated in an agency's procurement plan.

### **Actions to encourage industry participation**

The following actions support ANZ-SME participation and will enhance equity and transparency of NSW Government procurement action:

- Advance notice of tenders;
- Unbiased specifications and evaluation procedures;
- Identification of industry capacity and industry effects of agency procurement; and
- Provision of information to unsuccessful tenderers.

#### Advance notice of tenders

Providing advance notice of planned tenders enables prospective service providers (particularly ANZ-SMEs) the opportunity to ensure they have the appropriate capability and capacity to undertake the contract. Advance notice of tenders may be provided by:

- Advertising on the e-tenders web site <http://www.nswprocurement.com.au/Tenders.aspx>
- Posting advanced tender information on a notice board at the head office of the agency concerned; and
- Providing up-to-date information on the internet.

Agencies are not to seek tenders unless they propose to proceed with the contract. Advance tender information should only be published once an agency has made that decision. This ensures that the cost to service providers doing business with government is minimised.

#### Unbiased specifications and evaluation procedures

Tender features that can act as impediments to ANZ-SME industry participation include:

- Complex and lengthy documentation;
- Insurance and indemnity conditions that exceed the risk to Government;
- Lack of flexibility in setting supply volume requirements;
- Extended geographic supply coverage, for example the requirement for State-wide delivery; and
- Unnecessarily short supply or service response times.

Specifications should be designed to provide opportunities for ANZ-SME suppliers by ensuring they are appropriately tailored to actively encourage tender responses. Where the products and/or services may be too large for one SME's capacity and capability to undertake alone, these enterprises should be given the opportunity to prepare tender responses by

forming consortia and joint ventures. Specifications should concentrate on outcomes (rather than technical requirements) and be designed to invite and encourage innovative solutions.

During the procurement planning process, (for larger or higher risk procurements) it is essential that agencies consider the direct effect of contract decisions on ANZ-SMEs.

Strategies to assist SMEs include simplified procurement procedures, removal of biases against small and medium enterprises in tender documentation, prompt payment of accounts, and seminars for prospective service providers on doing business with government.

#### Identification of industry capacity and industry effects of procurement action

As a general requirement, agencies should ask service providers to provide tender responses which maximise the use of Australian or New Zealand content supplied by ANZ-SMEs. Tender responses are assessed on the basis of best value for money.

The NSW Industry Capability Network (ICN) seeks opportunities for ANZ-SMEs to supply to major infrastructure and investment projects. It maintains a database of NSW industry, has ready access to ANZ databases of industry capability, and brokers relationships between buyers and potential ANZ service providers.

When inviting tenders, agencies may contact the ICN to determine whether they can help to identify ANZ-SME industry capability and capacity.

Where the procurement may have a substantial economic or industry effect, the agency should research the economic environment and the industry and include the likely effects in the agency's procurement plan.

The research will assist agencies to:

- Determine a profile of the procurement's strategic importance in developing ANZ-SME capability and enhancing the global competitiveness of ANZ-SMEs;
- Prepare a brief to assist ANZ-SMEs with their programming of work in areas with potential ANZ-SME development opportunities;
- Form the basis for setting economic development criteria used to evaluate tender responses; and
- Determine the value for money outcomes that could be expected from SME development opportunities in the short to long term.

#### Provision of information to unsuccessful tenderers

This is very important for service provider development. Providing service providers with information as to why they were unsuccessful with their tender response, and giving constructive suggestions on how their tender responses could be improved in future, can give substantial benefit to an SME and agency.

#### Feedback to suppliers to Government

The buying agency can also give service providers information on their current performance

to assist them to continuously improve their performance and become more competitive. For further information on this see the *Service Provider Performance Management* guideline.

### **Understanding impact of procurement action**

The aim of the NSW Local Jobs First Plan in relation to economic development is to maximise opportunities for SME participation in government procurement.

The Plan does not rely on the achievement of specific ANZ-SME targets. The level of ANZ-SME participation is determined through the competitive tendering environment where selection is based on value for money, including economic development and other selection criteria.

To maximise economic development opportunities and outcomes, for high value and strategic contracts, agencies are required to consider industry impacts of procurement action. This requires agencies to:

- Identify the Government's economic objectives and likely impacts as part of its procurement planning process. The economic development and other government value for money objectives are outlined in the request for tender/proposal documents, and the evaluation criteria are provided.
- Tenderers are to identify the impacts and economic and industry benefits and provide an ANZ-SME participation plan, as required by this Plan.
- Following a tender response evaluation, the successful tenderer's ANZ-SME participation plan forms part of its contractual obligations.

### **Industry impacts**

Industry impacts of procurement action can be diverse and varied. Impacts include:

- Industry capacity;
- Investment;
- Employment;
- Technology;
- Research and development;
- Exports; and
- Track record such as past performance, particularly in the achievement of economic and social outcomes.

Tenderers are required to prepare an SME participation plan that describes the likely impact of their tender response in terms of:

- The dollar value of ANZ-SME content in tenderer Australian/NZ supply chain;
- The value of investment in plant or other capital in ANZ-SMEs that will result from the contract;
- The number of existing and new employees engaged in ANZ-SME firms delivering the contract and their location;

- The number of ANZ-SME suppliers that will win work as a result of the contract and their employment numbers;
- The number of apprentices and trainees in ANZ-SMEs supported by the contract; and
- ANZ-SME regional economic impact, training, skills development and technology transfer outcomes increased or secured.

**Evaluating SME Participation Plans submitted with tender responses**

Agencies may allocate weightings for each criterion within the SMEPP. If this technique is used, weighting for each criterion should be determined prior to the issue of tenders or at the latest before the close of tenders.

## Annexure B: Country Industries Preference Scheme

### Information to applicants

The Country Industries Preference Scheme (CIPS) was introduced by the NSW Government in 1970 as a means of providing a further measure of assistance to the State's country-based SME manufacturing industries.

The Scheme is intended primarily to benefit SME goods manufacturers located outside the metropolitan areas of the State that, in comparison with their city-based competitors, suffer definable economic disadvantages that can be directly attributed to their country location.

The CIPS is applied to support registered SME goods manufacturers in country NSW and provides for price preference margins of 2.5 per cent and 5 per cent depending on their location. The margins are applied if:

- The preferred tenderer after application of all other evaluation criteria is not from a firm in another State, Territory or New Zealand;
- The country SME goods manufacturer claiming the preference margin is registered with Industry & Investment NSW and quotes its CIPS number on its tender response;
- The country-based SME goods manufacturer is tendering to supply the goods; and

The SME manufacturer is located:

- a) Outside the county of Cumberland (greater Sydney area), the cities of Newcastle, Wollongong, Penrith and Liverpool, and the local government area of Camden, and the local government areas listed below under (b) receive a 5 per cent discount on their own value added component of tendered goods;
- b) In the local government area of Port Stephens, Wyong, Wollondilly, Wingecarribee and Kiama, the cities of Gosford, Lake Macquarie, Maitland, Cessnock and Blue Mountains, Shellharbour and Kiama receive a 2.5 per cent discount on their own value added component of tendered goods.

The CIPS does not apply where the Request for Tender is limited to services with no manufacturing component.

### Procedure for registration

Country SME goods manufacturers seeking to participate in the Scheme are required to complete (attaching a separate sheet where space is insufficient) the attached application for registration form and return to:

Country SME goods manufacturers eligible for registration will be given CIPS Registration Numbers that must be specifically quoted in any tender where application of preference is sought.

Registration under the Country Industries Preference Scheme remains valid for a period of three years from date of issue. At the end of that period, applicants must re-register with

Industry and Investment NSW to maintain the validity of their registration under the Scheme.

Project Officer – Country Industries Preference Scheme  
Enterprise, Small Business and Regional Development  
Industry and Investment NSW  
G.P.O Box 5477  
Sydney NSW 1220

# Application for registration – COUNTRY INDUSTRIES PREFERENCE SCHEME

**1. Name and business address of the country SME goods manufacturing enterprise:**

Name .....

Address .....

Postcode .....

**2. Address of the country establishment where products in respect of which preference is sought are manufactured (*please leave blank is identical to above*):**

Address .....

Postcode .....

City/Council .....

Phone No .....

Fax No .....

Email .....

**3. Date of commencement of manufacturing activities at the above country establishment.**

Date.....

**4. Locations of any other manufacturing establishments operated by enterprise.**

Location 1.....

Location 2.....

**5. If the country manufacturing enterprise is a holding company, a subsidiary or an associate of another company, please state the company concerned, the location of its manufacturing establishments and the address of its head office.**

Company Name.....

Location.....

Head Office Address.....

**6. Products manufactured at the country establishment in respect of which preference is sought.**

Product 1.....

Product 2.....

**7. Estimated value added (i.e. labour/overheads) at the country establishment by your enterprise in the manufacture of its products.**

Item	%	
Ex-factory price	100%	(1)
Less cost of materials/bought-in components		(2)
Value addition at location		(1) – (2)

**8. Sources of major raw materials and/or component parts brought into the country establishment by your enterprise for the manufacture of the products.**

Raw Material or Component .....

Source (i.e. local, metropolitan, interstate, overseas) .....

Ex-subsidiary, associate or another establishment of enterprise.....

**9. Factors that, in your opinion, place the country enterprise at an economic disadvantage compared to metropolitan competitors and that can be claimed to be directly attributable to a location in a country area.**

**10. Has your enterprise previously tendered successfully for the supply of goods to a NSW Government department or authority? If the answer is YES, please provide details.**

**Statutory declaration**

I, ..... the .....  
Name Title/Designation

of .....  
Name of enterprise

do hereby solemnly declare and affirm that the answers to the questions and statements made in this application are true and correct in every particular and that the products in respect of which preference is sought are manufactured at the country establishment and would, in respect of any Government contract awarded, be supplied from that establishment.

.....  
Signature of declarant

Taken and declared at .....  
in the State of New South Wales this .....  
..... day of ..... two thousand and .....

Before me: .....J.P