

NSW LOCAL JOBS FIRST PLAN – DECCW 2009-10 REPORT

As at 30 November 2010

WHAT IS THE LOCAL JOBS FIRST 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 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).

The Plan is designed to improve 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 officially came into operation from 30 June 2009 and applies to the procurement for all goods and services 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), prequalification 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 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 pre-qualified 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 30 June 2009.

The Plan was released by the Department of Industry and Investment NSW (DII), part of the NSW Department of Service, Technology and Administration (DSTA), and replaced the NSW Government's Economic Development Guidelines. The Plan was officially released in June 2009, and was circulated throughout Government in a Premiers Circular and a Treasury Circular in April 2010 (C2010-09 and TC10/03).

IMPLEMENTATION OF THE PLAN

Procurement within DECCW includes the purchasing of goods and services to support the agency's operational functions and a wide variety of business support functions including office accommodation, human resources, scientific and professional services.

Since the circulation of the Plan in April 2010, the DECCW's Procurement Services, Administration and Facilities, Corporate Services Division (CSD) has incorporated the Plan criteria into the internal DECCW Procurement Manual and our standardised contracts and tendering templates. In addition, CSD has worked in collaboration with DII and DSTA (NSW Procurement) to assist our Groups and Divisions to implement the Plan, both in incorporating considerations into tender documents and in the assessment process of those tender documents.

Premiers Circular C2010-09 requires the Plan criteria to be included in NSW government agencies Chief Executives Performance Agreements. The policy also requires agencies to:

- report annually on Goods and Services contracts valued above \$700,000, noting that this threshold does not apply to construction and related services contracts; and
- publish the report on our public website.

AGENCY REPORT

Report for the year: 2009-2010

Total value of contracts over \$700,000 for goods and services: \$24.4M

RFTs issued	Between \$700,000 and \$1 million	Between \$1 million and \$4 million	More than \$4 million
RFTs issued (#)		1x Panel Contract	1
RFTs issued (\$)		\$2.4M over 3 Yrs	\$22M over 3 Yrs
Contracts awarded (# & \$)		1 @ \$2.4M over 3 Yrs	1 @ \$22M over 3 Yrs
RFTs incorporating LJFP criteria (# & \$)		1 @ \$2.4M over 3 Yrs	1 @ \$22M over 3 Yrs
Tender evaluations in which a price preference was applied (#)		0	1
Contracts incorporating LJFP outcomes (# & \$)	X	0	0
Information for tenders/purchase orders awarded			
Contracts for which tenderer was successful because of LJFP (# & \$)		0	0
SMEs supplying to agency (# & \$) [direct]	X	0	0
SMEs in supply chains (# & \$) [indirect]	X	0	0
SME jobs impact (#)	X	0	0

INTERPRETING THE RESULTS

Some salient points in interpreting DECCW's results against the Plan are:

- 2009-10 was the first financial year that the Plan came into effect. This has resulted in the limited application of Local Jobs First Plan criteria in DECCW procurement for 2009-10. CSD anticipates this result to strengthen in 2010-11 as awareness and understanding of the Plan increases and is in place over the full reporting year.
- DECCW provides significant direct and indirect employment related benefits to communities across NSW. The agency does not undertake large construction projects (which are exempt from the Plan). For this reason, the DECCW results against the Plan for 2009-10 would be expected to be limited in comparison to the agency's total expenditure. Notwithstanding this, DECCW does generate employment in regional areas through Goods and Services Contracts (e.g. weed and pest control in National Parks). These projects undergo a competitive tender process, and usually fall within the \$700,000 threshold of the Plan.
- DECCW awards many contracts each year to SME's and local providers that do not exceed the Plan's threshold of \$700,000 but whose cumulative value has a significant impact on employment in SME's. Contracts for provision of goods with multiple transactions where no single transaction exceeds the minimum threshold are exempt, even if the total value of all purchases exceeds the minimum threshold. For these reasons the above figures should be considered solely indicative of the DECCW contribution to the generation and support of local employment in small and medium sized enterprises.
- Ongoing contracts for the provision of goods and services to a wide variety of DECCW functions (e.g. printing services, stationery and Parks and Wildlife Group uniforms) existed before the release of the Plan. The Plan notes that contracts awarded prior to the Plan coming into operation are exempt from the criteria, even where these contracts continue to operate throughout the reporting period.