

Stephen Mullighan MP Treasurer

Wednesday, 1 March 2023

Major changes give local businesses a competitive edge

The Malinauskas Government has announced major changes on how public money is spent on the purchase of goods and services each year to deliver on its election commitment to increase support to local businesses and jobs through government procurement.

Approximately \$8.5 billion is spent each year on goods and services by the South Australian Government in areas such as hospitals, schools and government departments.

The Government's procurement reforms will see an initial target to increase the amount spent on SA businesses instead of interstate and overseas suppliers by 5 per cent - which would inject an extra \$425 million into the state's economy.

From now:

- SA workers must deliver a minimum 90 per cent of labour hours on major infrastructure projects worth more than \$50 million;
- Any contracts worth more than \$55,000 awarded to interstate or overseas suppliers must be approved by the Chief Executive;
- 20 per cent of all labour hours on major projects must be delivered by apprentices, trainees, Aboriginal workers, and long-term unemployed;
- Government projects worth more than \$55,000 must use local project managers, architects, designers, engineers, surveyors, planners, and other professional services providers;
- A broad market assessment will be undertaken to identify SA businesses that can deliver projects, goods and services to government;
- An independent complaints process will be established for tenderers who feel they have unreasonably missed out on government work;

- An annual project pipeline will be published detailing coming infrastructure projects over \$10m to enable lead contractors to prepare thoroughly;
- Public projects above \$500m will be broken into smaller stages or components to allow multiple South Australian companies the opportunity to participate on projects, unless that nature of the project makes this unfeasible;
- A minimum of three quotes must be received for government contracts between \$55,000 and \$550,000 with at least one quote being from a South Australian business;
- In addition to value for money considerations, public authorities will be required to consider the economic benefit of the procurement to South Australian economy;
- Public authorities are also now required to report data on what percentage of contracts are being awarded to non-South Australian businesses.

It follows a major procurement announcement last month that SA manufactured products must be used on public housing construction and maintenance programs, where available.

In addition to fulfilling its election commitments, the government is increasing the weighting given to South Australian economic contribution from 15 per cent to 20 per cent on procurements over \$10 million.

The government will soon release its first procurement publication, which will serve as a forward planner for businesses.

The first industry workshop to help businesses get “tender ready” was held in October last year and the successful “Meet the Buyer” event will return on March 28, 2023.

For more information on these changes, visit procurement.sa.gov.au or industryadvocate.sa.gov.au.

These changes have been made via amendments to *Treasurer’s Instruction 18 – Procurement* and the *South Australian Industry Participation Procedural Guidelines*.

The government is working on further changes which will be announced in due course.

Quotes attributable to Stephen Mullighan

Nearly eight out of every nine workers in SA are employed by business – we should be supporting local suppliers and local jobs wherever possible when spending taxpayers' money.

These changes are designed to get more public spending into the pockets of local businesses and workers – without spending an extra dollar we can increase the benefit to the economy by more than \$400 million per year.

Awarding South Australian contracts to South Australian businesses, and keeping those dollars in our state, is a no-brainer. It means more jobs, more opportunities, and a stronger economy.