



Budget 2009-10

Investing in Jobs

SUPPORTING NSW JOBS & BUSINESS

Local Jobs First: Putting NSW businesses first in new state purchasing plan

More than 500,000 NSW small and medium-sized businesses will be given preferred treatment by the NSW Government under a benchmark purchasing policy announced in the NSW Budget.

The NSW Government will require its agencies and State-Owned Corporations (SOCs) to give preferential treatment to Australian-made goods under the new *Local Jobs First* plan.

NSW Government agencies and SOCs will spend around \$3.9 billion in goods and services this year.

“The NSW Government is putting NSW jobs first,” Treasurer Eric Roozendaal said.

“Every year, NSW Government agencies spend billions of dollars buying the things they need to deliver services to the people of NSW.

“This plan tips the balance in favour of local businesses, providing them with greater opportunities to expand and sell to government.”

Under *Local Jobs First*, Government agencies and SOCs will now be required to give preferential treatment to local manufacturers under a price preference mechanism.

The price preference means locally-made content is discounted by 20 per cent when compared to overseas-sourced material in tender evaluations.

For instance, if an agency has a choice between purchasing an Australian-made product for \$10 and a foreign made product for \$9, the Australian-made product will be discounted under the policy, making it in effect worth \$8 to the Government and making it the better-value product.

Local Jobs First will also require Government agencies and SOCs to give preferential treatment to a number of industries located in country NSW under the Country Industries Preference. An additional 5 per cent discount may be given to a product using this preference.

Mr Roozendaal said the new plan is part of the NSW Government’s response to the Jobs Summit.

“This plan makes it easier for more than half a million small and medium-sized businesses across NSW to get more business from the NSW Government, in turn supporting jobs in NSW,” Mr Roozendaal said.

Previously, the price preference only applied to businesses with up to 200 workers, but that has now been extended to businesses with up to 500 employees. Where no Free Trade Agreement applies, the price preference will be applied to all businesses regardless of size.



Other reforms to the NSW Government's purchasing plan include:

- Every tender worth more than \$4 million issued by the NSW Government will now require an industry participation plan, which will outline the benefits of the tender for local jobs, local suppliers and local industry. The Industry Participation Plan will be given a weighting of at least 6% of the evaluation score.
- Tenders will also have to explain how apprentices and trainees will benefit.
- NSW Government agencies and SOCs will be required to report annually on the implementation of the new plan.
- Compliance with the new plan will be included in a CEO's performance agreement with the relevant Minister.

"The NSW Government will honour our commitments under the nation's free trade agreements but we also need to make sure that NSW businesses have every opportunity to get our business," Mr Roozendaal said.

"Value for money will remain a key objective of the NSW Government's purchasing policy, but these changes make it clear that supporting jobs and opportunities for local industry is a high priority in NSW."

An implementation committee will be set up and chaired by the Deputy Premier and include representatives from business groups, unions and representatives from the Minister for Regional Development, NSW Treasury, the Department of State and Regional Development and the Department of Commerce.