



Procurement Delivery - Procurement Strategy

The aim at this procurement step is to develop and determine a project procurement strategy to ensure a viable acquisition outcome can be achieved. Click [here](#) for description of the construction procurement process steps.

Key deliverables include the procurement strategy with the strategy for selecting tenderers from the marketplace and managing the project, Project Brief, Risk Management Plan, Benefits Management Plan and Procurement Strategy Report.

The NSW Government [Procurement System for Construction](#) contains the following instruments to support agencies through the Procurement Strategy stage:

- Procurement Strategy Selection
- Planning the Tender Process

Procurement Framework Instruments

NSW Government agencies are required to use the following Procurement Framework instruments.

- [Agency Accreditation Scheme for Construction Projects](#)
- [Project Profile Assessment Tool](#)
- [Procurement Methodology Guidelines for Construction](#)
- [Treasury Appraisal/Monitoring for Construction Projects](#)
- [Direct Negotiations - Guidelines for Managing Risks in Direct Negotiations](#)
- [Prequalification of Service Providers](#)
- NSW Government Code of Practice for Procurement
- [Gateway Review Process](#)
- Application of the National Code of Practice for the Construction Industry (refer [Premier's Memo PM99-15](#))
- NSW Government Local Industry Preference Scheme ([see below](#))

Contact details

For further information please contact:

NSW Procurement Client Support Centre

Telephone: 1800 NSW BUY (1800 679 289)

Email: nswbuy@commerce.nsw.gov.au



New South Wales Government

NSW Government Procurement Guidelines

NSW Government Preference Scheme

October 2008

version	2.1
revision date	October 2008
further information	NSW Procurement Client Support Centre
phone	1800 NSW BUY (1800 679 289)
e-mail	nswp_support@commerce.nsw.gov.au

These guidelines were prepared by the NSW Department of Commerce for the NSW Government. They are available from the procurement process maps on

<http://www.treasury.nsw.gov.au/procurement/procure-intro.htm>

For further information on these guidelines contact NSW Procurement help desk by phone 02 9372 8600 or e-mail gpshep@commerce.nsw.gov.au

Issue log

Issue number	release date	details
2.0	December 2006	Minor editorial changes
2.1	October 2008	Update of price preference scheme

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1 NSW Government preference scheme

NOTE: [Treasury Circular 07-18, Procurement Economic Development Guidelines Amendment to Price Preference Scheme](#), was released on 19 December 2007. Effective 1 January 2008, the Procurement Price Preference Schemes (comprising the Australia New Zealand Price Preference Margin and Country Industries Preference Scheme) ceased to apply to large enterprises, consistent with NSW obligations under the Australia United States Free Trade Agreement.

Agencies will need to amend the methodology for calculating preferences.

This guideline is being updated.

Preference - Australian and New Zealand Content

The NSW Government Procurement Policy mandates departments and declared authorities to apply a price preference to goods (and related services) of Australian and New Zealand origin. The scheme requires that a 20% price preference margin be applied to the imported content of all tenders where local manufactured content is claimed by any tenderer. The 20% margin is added to the tendered prices of goods (and related services) with a declared imported content prior to a comparison of prices as part of the tender evaluation process. For example:

Tendered price:	\$10.00
Imported content:	80%
Preference margin	$20\% \times 80\% \times \$10.00 = \$1.60$
Price used for evaluation:	$\$10.00 + \$1.60 = \$11.60$

No preference margin is applied when assessing tenders for the provision of services alone (ie. unrelated to goods).

It is a condition of tendering that tenderers are required to provide details of the imported (non Australian & New Zealand) content in their tenders and to make available records (as necessary and when required) to substantiate imported and local content claims.

Tenderers should also include detailed statements from their sub-contractors on the imported content of the goods and related services they are offering.

The imported content of goods and related services is:

the estimated duty paid value, inclusive of the value of any services, eg overseas freight and insurance, consultancy or engineering effort, or any charges of overseas origin, together with customs clearing charges.

Related services include architectural design, design engineering, project design, project management and related consultancy or professional services provided in conjunction with the supply of goods or construction activities.

Suppliers should note that New Zealand content is regarded as local content and should not be included as imported content for the purposes of this scheme.

However, goods not manufactured in New Zealand (imported) and offered in a tender are not considered New Zealand goods. Goods partly manufactured in New Zealand can claim local content based on the value of local manufacture.

Country Industries Preference Scheme

NSW country manufacturers may be eligible for an additional preference of 2.5% or 5%, depending on location in NSW, under the Country Industries Preference Scheme (CIPS) when:

- the supplier is a registered country manufacturer
- the supplier quotes their registration number and the applicable preference margin in their tender
- the goods being sought are those for which the supplier/country manufacturer is registered
- the supplier is tendering as the prime contractor

The CIPS preference is added to the tendered prices of all other tenders after the application of the 20% preference margin against overseas content, as follows:

If a metropolitan NSW or overseas manufacturer (except New Zealand) is the preferred tenderer after the application of the Australian and New Zealand preference, and offers/tenders have also been received from:

- (i) an approved NSW country manufacturer located outside the County of Cumberland, the cities of Newcastle, Wollongong,

Penrith and Liverpool, the Council of Camden and the councils and cities listed below under (ii) and/or

- (ii) an approved NSW country manufacturer located in the local government areas of Port Stephens, Wyong, Wollondilly and Wingecarribee, Gosford Lake Macquarie, Maitland, Cessnock, Blue Mountains, Shellharbour and Kiama.

A further NSW country preference surcharge shall be applied. In this case a preference of 5% is awarded in favour of (i) above and 2.5% in favour of (ii) above, over all other NSW and overseas manufactured goods.

If an interstate or New Zealand supplier is the preferred tenderer after the application of Australian and New Zealand preference, no New South Wales country industries preference will be applied.

To claim preference under CIPS, NSW country manufacturers must be registered with the Department of State and Regional Development. Information and forms are at Attachment A.

Post Tender Negotiations

The preference scheme recognises that Government tendering procedures may, in some cases, result in contracts being let by fine margins to overseas companies, over Australian companies.

The scheme therefore, makes provision for Australian companies to obtain the contract and thereby increase employment of Australian workers.

If, where tenders in excess of \$100,000 are received, and after application of the preference loadings, an Australian tender is still not the lowest, but is within 20% of the lowest tender (before application of preference), the Minister responsible for the tendering agency may determine that negotiations be entered into with one or more of the Australian tenderers, with a view to an Australian tenderer being given the opportunity to reduce the tendered price.

Ministerial Discretion

The preference scheme also recognises that the fundamental principle guiding government procurement is to achieve best value for money when spending public funds. Factors such as technical performance, delivery, maintenance, interchangeability, and the NSW Government's wider economic development and social objectives detailed in the [NSW Government Procurement Policy](#) will each have a significance in the evaluation process alongside the price aspect.

With this in view, an element of Ministerial discretion is built into the scheme to enable the Minister responsible for the tendering

agency to make the final decision, where significant purchases are involved.

In respect of all contracts having a value of \$100,000 or greater where, after the application of the above schemes, an Australian manufacturer is being passed over, the Minister responsible for the tendering agency is to be advised. Ministerial discretion may then be exercised in favour of the Australian tender, if the Minister believes the circumstances so warrant.

Further Information

For further information about the preference scheme contact:

Regional Development Division
State & Regional Development
Phone: (02) 9338 6717
Facsimile: (02) 9338 6726
Website: www.business.nsw.gov.au

2 Country industries preference scheme

INFORMATION TO APPLICANTS

The Country Industries Preference Scheme was introduced by the NSW Government in 1970 as a means of providing a further measure of assistance to the state's country manufacturing industries.

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

Of necessity, therefore, the application for preference must be subject to various qualifications and limitations and these are set out below as a guide to those companies seeking to participate in the Scheme:

1. The preference applies on the following basis to approved manufacturing industries located outside the county of Cumberland, the Cities of Newcastle, Wollongong, Penrith and Liverpool and the local government area of Camden:-
 - (a) In the Cities of Maitland, Greater Cessnock, Blue Mountains, Lake Macquarie, Gosford and Shellharbour, and the local government areas of Kiama, Port Stephens, Wyong, Wollondilly, Wingecarribee and that part of the local government area of Hawkesbury which was previously part of the Shire of Colo.

maximum preference of 2.5%
 - (b) Elsewhere in NSW.

maximum preference of 5 %
2. The preference applies only to the cost incurred in the manufacture of goods at the country factory and does not extend to any costs associated with installation, assembly and/or erection on site.
3. Preference eligibility will be granted only for such a range of specific goods as the applicant manufacturer can demonstrate are wholly or substantially manufactured at the country establishment.

4. Preference eligibility will be granted only to such country manufacturers as can demonstrate that in comparison with their city based competitors, they suffer a definable economic disadvantage which is directly attributed to the country location.
5. The preference will be applied to purchases effected by all NSW Government agencies (ie government departments, statutory authorities and other entities).
6. The preference will be applied as a variable margin of up to a maximum of 5% (2.5% in respect of the areas specified in 1(a) above) in favour of an eligible country manufacturer over metropolitan manufacturers only after determination of the order of tendering in accordance with the practice usually followed by the particular department or authority concerned where applicable. The preference to approved country manufacturers applies in addition to the general preference accorded to Australian and New Zealand manufacturers competing with overseas manufacturers.
7. The preference will be applied only in instances where an eligible country manufacturer:
 - (a) is offering goods of the specific nature in respect of which eligibility has been granted
 - (b) specifically draws attention to his eligibility in his tender and is able to quote his formal preference registration number
 - (c) is tendering in the capacity of a prime contractor for the supply of the goods in question
 - (d) submits a tender in competition with a NSW city manufacturer who would normally win the contract
 - (e) offers goods which are considered by the purchasing department or authority to be of a satisfactory quality and specification.

PROCEDURE FOR REGISTRATION

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

Financial Assistance Officer
Country Industries Preference Scheme
Department of State & Regional Development
G.P.O Box 5477
Sydney NSW 1220

Country manufacturers eligible for registration will be given Preference Registration Numbers which must be specifically quoted in any tender submitted to the Government Authority in respect of which the application of preference is sought.

Appendix A – Application for registration

COUNTRY INDUSTRIES PREFERENCE SCHEME

APPLICATION FOR REGISTRATION.

- 1 Name and business address of country manufacturing enterprise:

Name _____

Address _____

_____ Postcode _____

2. Address of country establishment where products in respect of which preference is sought are manufactured:

Address _____

_____ Postcode _____

City/Council _____

Phone No. _____ Fax No. _____

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

- 4 Location of any other manufacturing establishments operated by enterprise.

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

6. List products manufactured at the country establishment in respect of which preference is sought.

7. State the approximate value added (ie labour/overheads) at the country establishment by your enterprise in the manufacture of its products.

Item	%
Ex-factory price (excl profit)	100
LESS cost of materials/components parts	_____
Approximate value added in terms of labour & overheads	_____

8. List sources of major raw materials and/or component parts brought into the country establishment by your enterprise for the manufacture of the products in respect of which preference is sought.

Raw Material or Component

Source (ie local, metropolitan, interstate, overseas)

Ex subsidiary, associate or another establishment of enterprise

9. Briefly list the factors which you consider place your enterprise at an economic disadvantage compared to metropolitan competitors and which 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?

YES/NO. If YES details should be furnished.

STATUTORY DECLARATION

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

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 & declared at.....

in the State of New South Wales this.....

.....day oftwo thousand and.....

Before me:----- J.P