

## Election Costing Request Form

Details of request	
Party:	Australian Labor Party (NSW Branch)
Name of Policy:	Local jobs first – jobs compact
Date of request:	9 March 2019

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	<ul style="list-style-type: none"> <li>• Insert local jobs, local skills and local industry into the NSW Procurement Policy Framework.</li> <li>• Create a new Jobs Act that will require Industry Participation Strategies for major procurement.</li> <li>• Give the government the power to declare major projects 'Jobs Significant' and therefore add additional local content requirements.</li> <li>• Create a new unit within the Department of Industry to help NSW small and medium sized enterprises to participate in procurement opportunities.</li> </ul>
Has the policy been publicly released yet?	

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	Total \$'000
Impact on GGS expenses					
Impact on GGS revenue					
Impact on General Government Sector (GGS) net operating result <sup>1</sup>					
Impact on GGS capital expenditure <sup>2</sup>					
Impact on GGS net lending/borrowing					

<sup>1</sup> Negative for a saving that reduces expenditure

<sup>2</sup> Negative for a reduction in capital expenditure.

<b>Key assumptions made in the policy</b>	
<p>Does the policy relate to a previous announcement? If yes, which announcement?</p>	
<p>What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i></p>	<p><u>Local jobs, local skills and local industry</u></p> <p>The policy would insert requirements in the NSW Procurement Policy Framework to consider local jobs, local skills and local industry. Such a consideration is non-determinative and decisions would be made within the context of existing budget constraints.</p> <p>Procurement activities would continue to be scalable to available funding.</p> <p><u>Jobs Act</u></p> <p>The Jobs Act would legislate a jobs strategy that would require businesses tendering for government work to provide information to the government on the details of their commitments to providing local content, local employment, training and innovation outcomes through their delivery of the contract.</p> <p>Additional requirements, outlined below, would be required for tenders on major projects.</p> <p>Major projects would be defined as procurement activities that meet or exceed:</p> <ul style="list-style-type: none"> <li>• \$500,000 for procurement activities undertaken in the supply of new equipment, services or capital investments;</li> <li>• \$3 million for procurement activities in construction or major projects in metropolitan Sydney; and</li> <li>• \$500,000 for procurement activities in construction or major projects in regional cities and the rest of New South Wales.</li> </ul> <p>In order to be able to tender for major NSW contracts, businesses would need to submit a detailed participation plan for all projects</p>

and procurement that meet the NSW Industry Participation Strategy criteria.

The NSW Industry Participation Strategy would be built on four fundamental principles:

- real value for money;
- creation of local jobs and training opportunities;
- diversification and growth of the NSW economy; and
- transparency in decision making.

In summary, the Jobs Act mandates the provision of certain information and promotes the qualitative consideration of certain criteria as part of the procurement process. These considerations are non-determinative. Procurement activities would continue to be scalable to available existing funding.

#### “Jobs Significant” major project declaration

The Jobs Act would provide a new power for Ministers to declare major projects to be “Jobs Significant”.

Where a project is declared “Jobs Significant”, the NSW Government would require a target of 50 per cent local content.

A project would be considered for declaration if it involves expenditure of more than \$50 million.

The policy being costed is to give the government the power to make a declaration regarding procurement of a particular project. Any declaration of Job Significant status on a given project or projects would require a subsequent decision of government.

#### New unit

The new unit would consist of 10 FTE with an average remuneration of \$120,000 before on-costs. Half of these should be

	absorbed within existing resourcing of the Department of Industry.
Is there a range for the costing or any sensitivity analysis that you have undertaken?	No.
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	..
Are there significant costs or savings <b>outside</b> the forward estimates period which should be considered in costing this policy? <sup>3</sup>	..

<b>Administration of policy</b>	
Intended date of implementation:	1 July 2019
Intended duration of policy <sup>4</sup> :	Ongoing.
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Department of Industry.
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	No.
Are there transitional arrangements associated with policy implementation?	..

<b>If the policy is mainly an expenditure<sup>5</sup> commitment</b>	
Demand driven or a capped amount:	All components except unit staffing are capped at existing funding allocations.
Eligibility criteria or thresholds:	See <u>Summary</u> and <u>Assumptions</u> .

<sup>3</sup> Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

<sup>4</sup> Where a policy is intended to be ongoing, please indicate "ongoing" in the space to the right

<sup>5</sup> Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.