

Industry Participation Policy

Giving Opportunity to South Australians



Government
of South Australia

Department of Trade and
Economic Development

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Foreword

South Australia is on the brink of a massive development boom as a result of an unprecedented \$20 billion worth of major projects either under way or planned. This figure includes South Australia's successful bid for the Air Warfare Destroyer contract.

The projects span a broad range of industries including defence, resources, property and major infrastructure projects.

The South Australian Government welcomes these projects and acknowledges the substantial contribution these investments have and will continue to make to the economic and social development of this State.

However, competitive South Australian business sometimes find it hard to attract the attention of project proponents, who often have national and sometimes international supply chains firmly established. The South Australian Government is committed to addressing this.

The Government's new Industry Participation Policy will help competitive local businesses, often excluded from this relationship, by providing them with a full, fair and reasonable opportunity to tender for major project work.

Local businesses that are innovative and world-competitive will be better placed to take advantage of the international supply-chain opportunities that are available by building relationships with major project proponents.

By promoting the Policy to project proponents and by assisting them to develop Industry Participation Plans, the Government aims to show them how they can cut time and money, and benefit from relationships with competitive South Australian industry.



A handwritten signature in black ink that reads "Paul Holloway". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Paul Holloway
Leader of the Government in the Legislative Council
Minister for Industry and Trade
Minister for Mineral Resources Development
Minister for Urban Development and Planning



Introduction

The South Australian Government is committed to delivering on its key priorities as outlined in South Australia's Strategic Plan, the first objective of which, Growing Prosperity, is defined as:

- sustained economic growth resulting in rising living standards, with all South Australians sharing in the benefits through more and better job opportunities and accessible, high-quality services.

This is achieved through providing a competitive business climate that attracts high levels of business investment and which leads to the generation of highly skilled and sustainable jobs. A component of this is the development of a diversified and competitive manufacturing sector that is responsive to changes in global supply chains and major project procurement systems.

In the past governments could take for granted that facilitating major projects would guarantee a major flow on impact in terms of jobs and industry participation. However, increasing globalisation and competition has meant that this will not necessarily be the case. Many projects are undertaken by national or global firms which frequently have their own supply chain arrangements which overlook local competitive suppliers.

Government has an obligation to ensure that competitive local industry is given a full, fair and reasonable opportunity to be considered for major work being undertaken in South Australia, in both the public and private sector. This can only be achieved through a proactive approach by all stakeholders. On one hand project proponents are encouraged to seek out capable local industry and on the other hand local industry is encouraged and assisted, where necessary, to become internationally competitive and to be ready to take advantage of opportunities in the supply chain.

The South Australian Government is determined to ensure that industry is given every opportunity to participate in major projects. Support for industry participation will be provided in two ways:

- Putting in place cooperative arrangements between project proponents and suppliers to ensure globally competitive local industry is given full, fair and reasonable opportunities to participate in tenders, and
- Working with local industry to develop the capacity to meet the needs of project proponents and be globally competitive.

As a key element of developing competitive local business, the Government is committed to ensuring that employment, training and skills development programs are responsive to the needs of industry so that high skill jobs and good employment opportunities are available to all South Australians.



Intent of the Policy

The Government is committed to supporting competitive South Australian industry and ensuring that it is provided with full, fair and reasonable opportunity to be considered for work being undertaken in South Australia, while meeting its obligations under the Australia New Zealand Government Procurement Agreement, the Australia United States Free Trade Agreement and the Australian Industry Participation Framework.

The Government requires project proponents to:

- Recognise that involving competitive local industry in projects and contracts provides economic benefits to all parties and is crucial to the long-term development of a strong diversified South Australian economy.
- Ensure that competitive local suppliers, contractors and manufacturers are given a full, fair and reasonable opportunity to tender for projects and contracts.
- Use Australian Standards and Codes in the formulation of specifications, tenders and the letting of contracts so as not to unfairly discriminate against competitive local suppliers, especially small local suppliers.
- Seek to maximise the sourcing of content from competitive local industry.

The Government will also foster a cooperative relationship between project proponents and competitive local industry in order to open up supply chains so that competitive local industry is not only capable of tendering for projects in South Australia, but globally as well.

While this policy places an obligation on project proponents to provide competitive local industry with opportunities, there is also a responsibility on local industry to ensure they are competitive and have the capability to meet the needs of buyers.

Scope of the Policy

To ensure the efficiency and effectiveness of this policy and that it is focused on the contestable part of the procurement market, its application is limited to infrastructure and construction projects where the cost of acquisitions for the total life of the project meet the following thresholds:

- Public sector projects greater than \$5 million;
- Government Business Enterprise projects greater than \$5 million; and
- Private sector and Government Business Enterprise projects receiving a significant Government contribution (\$2.5 million);

Major private sector projects not receiving a significant Government contribution will be encouraged to adopt the policy and will be provided with guidance and support if they choose to do so.



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MGRS:

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- Island Water Polygon Feature
- Island Water Line or Feature
- Map Sheet Boundary
- Photograph Polygon Feature
- Index by Polygon Features
- Island Water Polygon Feature
- Administrative Polygon Feature

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Tindal (Map No. 53021) - (Tindal Aerial Photo)

Industry Participation Plans

Any infrastructure or construction projects funded by the public sector, including Government Business Enterprises, with a value greater than \$5 million will require the project proponent to develop an Industry Participation Plan.

Similarly any major private sector and Government Business Enterprise infrastructure or construction projects that require a significant contribution by Government greater in value than \$2.5 million are required to prepare an Industry Participation Plan.

The Industry Participation Plan will identify opportunities for competitive local business to tender for work. The Industry Participation Plan will be prepared early in the project development process. Officers from the Industry Capability Network South Australia (ICNSA) will assist project proponents to develop Industry Participation Plans.

The Plans should also identify the economic benefits to South Australia and Australia arising from using local competitive firms. The following key criteria should be covered in the development of Industry Participation Plans:

- Opportunities for competitive local suppliers;
- Opportunities for employment and workforce development, especially for young people;
- Support for regional development;
- Opportunities for value-adding activity;
- Opportunities for participation by small business;
- Support for Aboriginal economic development;
- Opportunities for research, development and innovation; and
- Seek to be economically, environmentally and socially sustainable.

The Industry Participation Plan plays no part in the tender evaluation process. Its purpose is to inform project proponents about the benefits of using local industry and encourage them to identify competitive local firms who are able to tender. ICNSA will monitor the outcomes of the Plans as part of the process of evaluating the policy.

Project proponents are required to undertake information sessions in the area where the projects will occur. This will inform competitive local business of the requirements of the proponent, educate them on how to tender and provide an impetus for them to pursue innovative supply arrangements, including partnerships and joint ventures. These sessions will also provide additional information for project proponents in developing the Industry Participation Plans.



Industry Capability Network South Australia

The Industry Capability Network South Australia (ICNSA) is a business unit of the Department of Trade and Economic Development. ICNSA is responsible for supporting, promoting and assisting South Australian business to supply to major commercial and government organisations and projects. ICNSA is part of an Australia wide network of offices that provide industrial capability information on Australian manufacturing and service companies.

The key objective of ICNSA is to facilitate links, knowledge transfer and process capability in the supply chain to maximise local content and replace imports. It does this by:

- Identifying and documenting local business capabilities;
- Promoting the benefits of sourcing locally;
- Matching buyer requirements with supplier capabilities;
- Identifying capability gaps and technology transfer opportunities; and
- Improving local competitiveness through collaborative business structures.

The implementation of this policy relies heavily on the ICNSA to support project proponents in finding competitive business to tender for work. It is vital that ICNSA be contacted as soon as possible in the project development process.

In regards to this policy the ICNSA's role is to:

- Represent the principles and benefits of the policy to all departments, agencies and Government Business Enterprises;
- Provide advice to project proponents on the capabilities and competitiveness of South Australian, Australian and New Zealand industry for the supply of goods, equipment and services;
- Provide assistance to project proponents on the development of Industry Participation Plans;
- Identify where appropriate the needs for South Australian industry to undertake innovation, research and development of technology required in major projects, and provide the appropriate referrals; and
- Evaluate the outcomes of Industry Participation Plans and in conjunction with the Department of Trade and Economic Development quantify the benefits to South Australia from the policy.



Workforce Development

A critical component of local content is the integration of workforce development into infrastructure and other major project proposals. The South Australian Government supports proposals which enhance local employment demonstrated by workforce plans and a commitment to ongoing workforce and skills development, particularly through apprenticeships and traineeships.

The Department of Further Education, Employment, Science and Technology (DFEEST) will work to ensure that vocational and higher education provision is targeted to areas of identified skill shortages and is responsive to demand.

In the context of a workforce development strategy for South Australia the goal is to ensure that employment, training and skills development programs are responsive to the needs of industry so that high skill jobs and good employment opportunities are available to all South Australians, especially our youth, women and older workers. In doing so the needs of both South Australian industry and of project proponents will be met.

DFEEST will pursue innovative approaches to skill development, including partnership arrangements with project proponents and training providers to maximise both the capacity to train and training outcomes. This, together with local employment, can provide flexibility, value for money and sustainable outcomes for project proponents.

Proponents will be required to demonstrate tangible commitment to workforce development through explicit workforce plans and strategies to ensure the attraction, retention of its workforce and ongoing utilisation and development of workforce skills.



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