

MINUTE



**ACT**  
Government  
Chief Minister, Treasury and  
Economic Development

Date 14 January 2015

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To Treasurer

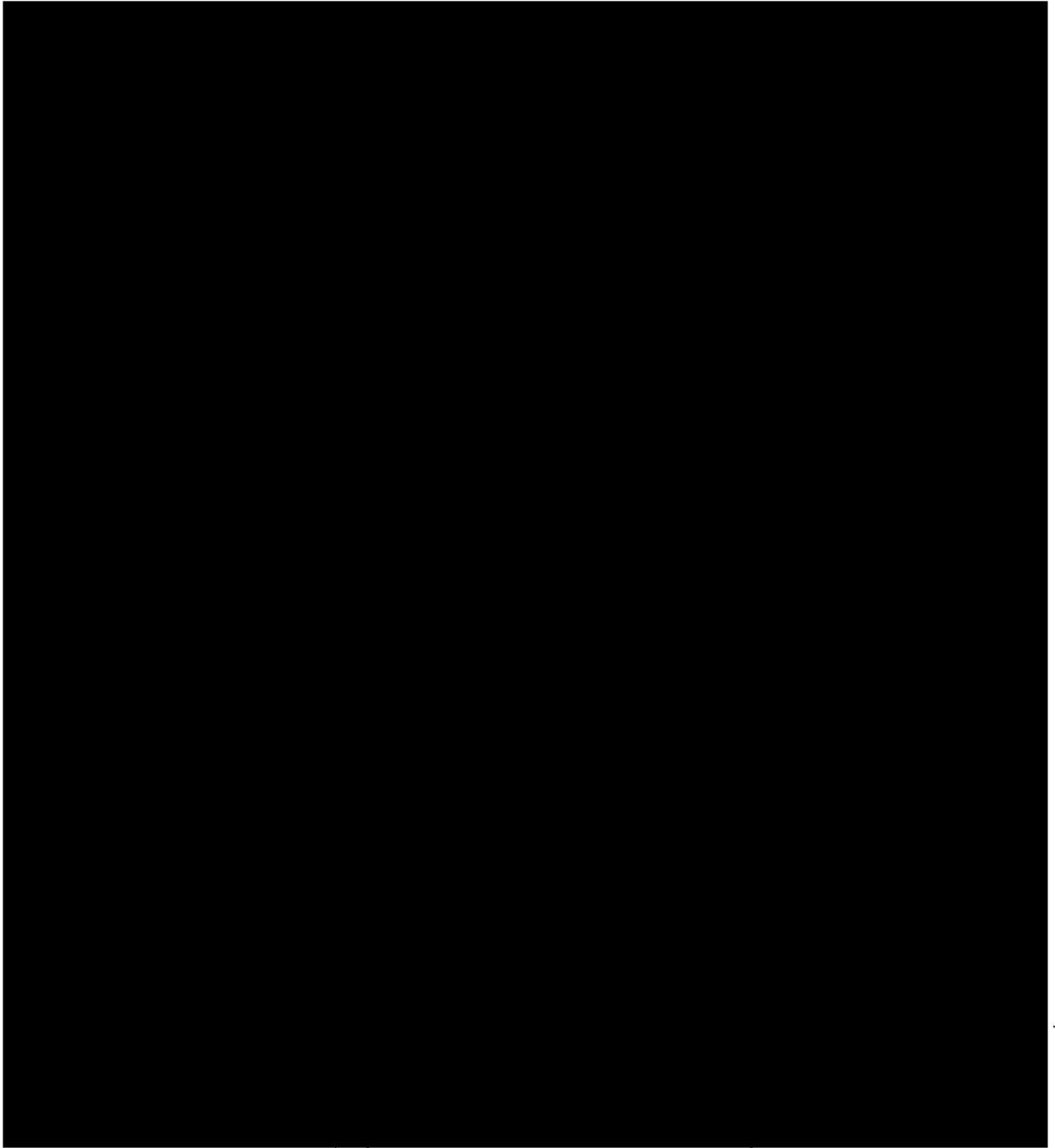
• Head of Service *cc to HOS*

• Director-General, Economic Development  *16/1/15*

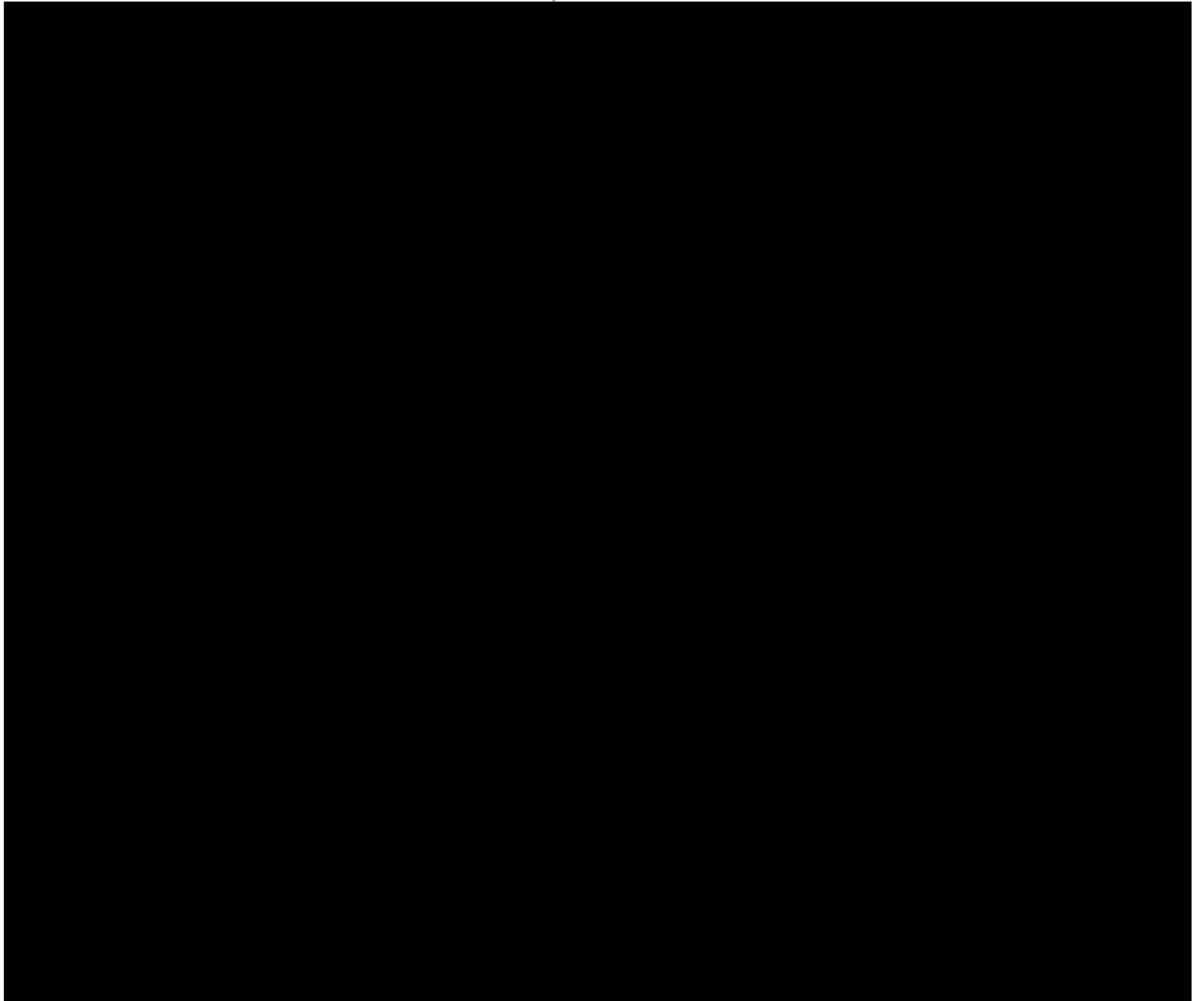
From Executive Director Procurement and Capital Works

Subject Introduction of an Industry Advocate in the ACT

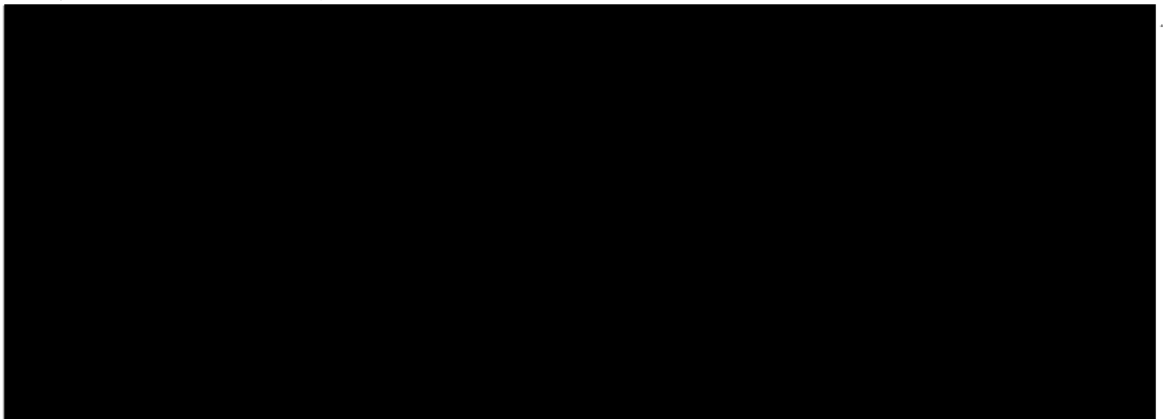


**Issues**

Based on the South Australian experience, the creation of an Industry Advocate would likely be strongly supported by industry.



In identifying a suitable Industry Advocate, it would be important to avoid conflicts of interest, or the perception of such conflicts. This could be achieved by having as the Industry Advocate a senior public servant with procurement and/or industry experience, a senior business executive (preferably retired) with no active business interests in the region, or a former executive from a relevant business peak body. The ACT's small size could make it challenging to identify a business executive who does not have potentially conflicting links to business in the local region.

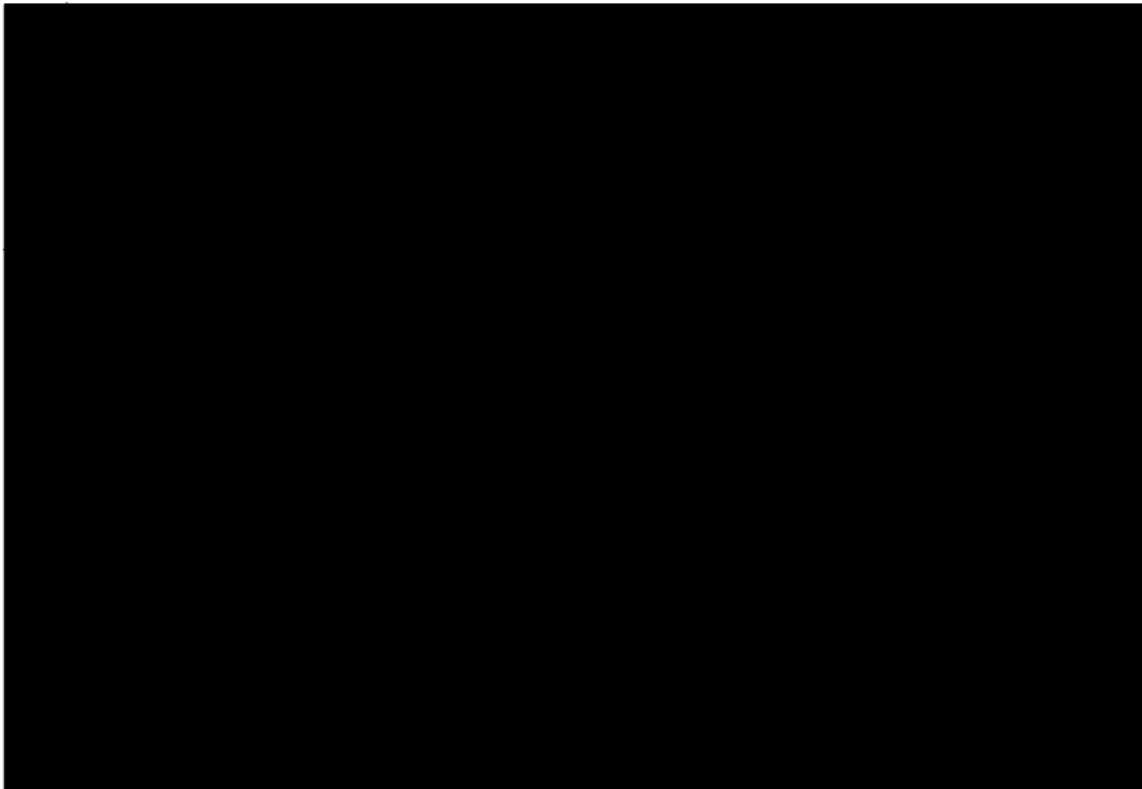




### **Consultation**

Procurement and Capital Works has consulted with Cabinet and Policy in Chief Minister's and ITI in Economic Development. PCW has also met with the South Australian Industry Advocate. The Head of Service has also spoken with the South Australian Industry Advocate.

PCW will consult with the Canberra Business Chamber and the Housing Industry Association (HIA) in addition to the Master Builders Association (MBA).





George Tomlins  
Action Officer: Jan Pearce  
Phone: 72625

Andrew Barr MLA..........20/1/2015

**From:** [Kennedy, Karen](#)  
**To:** [Pearse, Jan](#); [Tomlins, George](#)  
**Cc:** [MAAC](#); [Marcantonio, Laura](#)  
**Subject:** FW: Procurement Brief  
**Date:** Thursday, 22 January 2015 10:56:00 AM  
**Attachments:** [image001.jpg](#)  
[20150122105000635.pdf](#)  
**Importance:** High

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Hi Jan and George,

The Chief Minister's office have requested an urgent consultation document on the Industry Advocate. Please see email below.

Martin is happy to provide further info if need be.

I will place this request in TRIM shortly and send through the number.

I have attached signed Brief 'Introduction of an Industry Advocate in the ACT'. Please note comments by Chief Minister.

Many thanks  
Karen

**Karen Kennedy** | Directorate Liaison Officer | Economic Development  
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**From:** Greenwood, Martin  
**Sent:** Thursday, 22 January 2015 10:09 AM  
**To:** Kennedy, Karen  
**Subject:** Procurement Brief

Hi Karen

Could you see if someone could pull together, quickly, a consultation document on the Industry Advocate. So may be best for a comms team working with the procurement team.

The document would need to discuss some of the options for the industry advocate such as their role, how it would function, their powers etc.

This would primarily be for key stakeholders rather than wider public and coordinated out of this office.

Happy to provide further info.

**Martin Greenwood**

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## Options Paper for Consultation with Stakeholders – ACT ‘Industry Advocate’

The ACT Government is considering implementing a Local Industry Participation Policy (LIPP) to ensure that local industry is given full consideration when Government undertakes procurement and construction activities. The LIPP needs to comply with the requirements of the Government Procurement chapters of the Free Trade Agreements to which the Territory is a signatory. This means that there needs to be a level playing field, with all tenderers treated equally. The LIPP gives weight to the extent to which tenderers will contribute to the Canberra-region economy (in terms of employment, training, supply chain, etc.).

It is intended that the new LIPP will cover capital works as well as goods and services, thereby replacing and expanding on the current SME procurement policy for goods and services. Under the current policy, there is a 5 per cent weighting for regional SMES in the procurement of goods and services with a value of \$200,000 or more. It is proposed that the LIPP be weighted at 10 per cent.

In consulting with stakeholders, the following questions may stimulate some discussion and ideas. Examples are provided for each question for the benefit of the Minister’s advisors to assist in brainstorming the types of issues that may need to be addressed in order to achieve the desired outcome from the consultation and manage stakeholders’ expectations.

### **What do you think should be the Objectives of the Office of the IA?**

Examples to get started (if needed):

- improved industry capability and capacity through capital investment
- employment creation and workforce development
- retention of economic activity in the region
- diversification and expansion of the local economy
- increasing the competitiveness of local industry and businesses through knowledge transfer
- additional value adding activities and innovation such as skill development through the provision of apprenticeships and other training opportunities.

### **Given resources to operate the OIA will be limited, what activities are a priority**

Examples to get started (if needed):

- Improve linkages between local and out-of-towners for subcontracting purposes
- In what circumstances, if any, does the OIA need to advocate on behalf of industry to the Government? (e.g. when missed out on a panel; to introduce innovative companies outside of tender process; hosting roundtables/meetings/forums between industry and Government)
- Educate businesses on tendering for Government contracts
- Monitor local industry participation requirements in Requests for Tender
- Advise Government on how to improve Local industry participation requirements in RFTs
- Maintain a register of regional businesses for use of out-of-towners (and select tenders)
- Monitor the application of Industry Participation Plans by contractors

- Advise Government on the operation of LIPs in other jurisdictions and recommend improvements to the ACT IA function
- Host meetings between regional and out-of-towners – maybe for par

### **What should the Scope of the Office of the IA be?**

For example, to which category of procurement should it apply:

- To all Government procurement, to Capital Works only, or to Goods and Services only
- Procurement over particular thresholds (e.g. \$200,000, being the threshold for public tender; \$5 million; \$10 million; \$50 million – where out-of-towners are the only likely candidates)

### **How do we introduce the role and minimise additional red tape?**

Examples to get started (if needed):

- Higher threshold as part of scope
- Introduce a streamlined approach for lower thresholds (e.g. Employment Contribution Test)

### **Given funding will influence operations, how do you see the Office being funded?**

Examples to get started (if needed):

- If fully Government funded, should funding be from the capital works budget or recurrent?
- How might business peak bodies contribute to funding?

### **Where do you think the IA should be located?**

Examples to get started (if needed):

- Reporting directly to the Head of Service
- Innovation, Trade and Investment in Economic Development (formerly Business Development)
- Within Access Canberra, the new 'one-stop shop' for shopfronts and regulatory functions
- In Policy, Projects and Legislation in Economic Development (for governance rigour)
- Office of the Small Business Commissioner
- Independent office

### **How will the performance of the IA be measured (how will we know if it's working)?**

Examples to get started (if needed):

- Increase in number/value of contracts and subcontracts with regional businesses
- satisfaction surveys

### **What should the role be called?**

- Depends on function/objectives

### **How do you see the IA operating?**

Examples to get started (if needed):

- Part-time/Full time supported by Government directorate
- Membership of Government Procurement Board
- Secretariat to support administrative functions

**DRAFT**

**ACT Government**

**Industry Participation Policy**

**(IPP)**

**2015**

**DOCUMENT CONTROL**

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**APPROVED**

**Signed:**

**Print Name:**

**Position:**

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## Introduction

The ACT Industry Participation Policy (IPP) was developed to reflect the commitments the ACT Government has made to ensure local jobs and local investment are a critical element of future procurement objectives.

Local participation in government contracting is critical to the ACT Government. The Government wants procurement to generate economic activity, employment, investment and innovation to grow the Territory's economy.

This IPP demonstrates the ACT Government's commitment to ensuring competitive local businesses are given full, fair and reasonable opportunity to be considered for procurements being undertaken by the Territory.

Industry Participation Policies are used throughout Australia and in many other countries to develop local industry. This policy supports the ACT Government's desire to support local firms in becoming more competitive when tendering for Territory business opportunities. The ACT Government will continue to work with local businesses to promote innovation, flexibility and best practice and ensure that employment, training and skills development programs are aligned to industry requirements.

The Government believes it is necessary to develop a policy position applicable to all levels of government purchasing, to ensure that the use of competitive local businesses when purchasing or contracting for goods, services, and works is maximised.

The policy only applies to procurements tendered or advertised after 1 July 2015.

# 1. ACT Industry Participation Policy Objective

This policy is aimed at delivering greater economic contribution to the Territory from procurement. These benefits include:

- improved industry capability and capacity through capital investment;
- employment creation and workforce development;
- retention of economic activity in the region;
- diversification and expansion of the local economy;
- increasing the competitiveness of local industry and businesses; and
- additional value adding activities and innovation such as skill development through the provision of apprenticeships and other training opportunities.

A key objective of the ACT IPP is to ensure that capable local small and medium enterprises are given full, fair and reasonable opportunity to tender and participate in significant publicly funded or supported projects.

Value for money remains the prime consideration in evaluating tender bids for ACT Government contracts. However, when assessing value for money, the broader impact of the contract to the Territory on a whole of life basis, including the benefits to local industry, should also be considered. The policy supports this outcome.

## 2. Policy Scope

The IPP has effect on all areas of ACT Government expenditure valued at \$25,000 and above for those entities that are covered by the *Government Procurement Act 2001* and *Government Procurement Regulation 2007*. For clarity, it includes the following activities:

- ACT Government procurement of works (infrastructure and construction), goods and services;
- Public Private Partnership (PPP) projects;
- Federally-funded infrastructure and construction projects managed by the ACT Government.

It is also applicable to private sector projects receiving significant ACT Government funding, (over \$2.5 million or 50 per cent, whichever is the greater, in cash and/or in-kind).

The ACT IPP has a tiered structure to ensure the costs of compliance are appropriate to the opportunity for local industry participation and minimise red tape for business and government. The policy will be embedded into government procurement policies and procedures.

There are no specific requirements for tenders with a value of less than \$25,000; however, Territory Entities should consider using local businesses wherever possible and encourage successful tenderers to consider subcontracting to local small and medium enterprises (SME).

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### 3. Roles and Responsibilities

The ACT Government, through business units within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD), will support adoption of the IPP by local business and the construction sector by:

- providing assistance to Territory Entities where required to determine compliance with the IPP and when relevant to assist in the evaluation and scoring of IPP Plans; and
- promoting awareness of the ACT IPP to government agencies and private sector proponents.

CMTEDD provides a range of business programs and support to the business community and its Branches, Innovation Trade and Investment (ITI) and/or Procurement and Capital Works (PCW) may become involved in developing procurement plans for projects subject to the IPP. This will help to ensure the economic contribution to the Territory from the procurement activity is maximised through design of appropriate specifications and IPP Plans.

Further, involvement may include:

- facilitating meetings between government buyers and local industry groups;
- reviewing procurement plans and tender documentation in key contracts to assess any unnecessary impediments to local companies bidding;
- monitoring contracts and assessing if IPP Plans are being applied by the prime contractor; and
- reviewing tenders outcomes and, when necessary, making recommendations to the relevant Minister for improving industry participation going forward.

#### 3.1 Office of the Industry Advocate

The Office of the Industry Advocate (OIA) is responsible for the operations of the ACT IPP. The OIA:

- assists tenderers to develop ACT IPP Plans by providing information about local supplier capability
- in partnership with PCW, provides assistance to RTEs where needed to determine compliance with the IPP and, when relevant, to assist in the evaluation and scoring of IPP Plans
- provides industry capability information to RTEs, tenderers and contractors
- promotes awareness of the ACT IPP to government agencies and private sector proponents
- annually reports to the Minister for Economic Development on ACT IPP outcomes.

The OIA will also be involved when procurement plans are developed by RTEs for all procurements with a value of \$5 million or more in order to ensure the economic contribution to the Territory from the procurement activity is maximised through appropriate tender specifications. Further, the Industry Advocate has the authority to:

- request meetings with government buyers on behalf of local companies
- review procurement plans and tender documentation for key procurements to identify any unnecessary impediments to local companies bidding
- review tender outcomes to evaluate if assessment criteria in relation to local industry participation have been applied
- review contracts and assess if the contractor is applying IPP Plans
- review tenders post award and, when necessary, make recommendations to the relevant

Director-General or Minister for improving industry participation going forward.

The Industry Advocate will advocate for competitive ACT suppliers who are not short listed for inclusion on panels. The relevant Director-General will be expected to explain why those suppliers were not short listed and to revisit that decision, if feasible.

### **3.2 Responsible Territory Entities**

Responsible Territory Entities (RTE) are those Territory Entities responsible for the implementation and application of the ACT IPP within their own procurement processes.

Territory Entity is defined in the *Government Procurement Act 2001* to mean an administrative unit, or a Territory entity under the *Auditor General Act 1996*; or the member of an unincorporated Territory Entity acting on behalf of the Territory.

In terms of procurement, PCW provides guidance and support to RTEs about preparing and managing their procurement activities.

## **4. National and International Agreements**

The ACT IPP operates within the context of relevant national and international agreements and procurement policies to which the ACT Government is a signatory, including the Australia and New Zealand Government Procurement Agreement (ANZGPA). Consistent with these agreements, the ACT IPP provides equal and transparent access to government procurement opportunities to all suppliers regardless of place of origin. It is a policy that focuses on capital investment, jobs and supply chain opportunities.

## 5. ACT Industry Participation Policy and Government Procurement

The ACT IPP covers procurement with a value of \$25,000 or more and extends to subcontractor activity.

For all Government expenditure, the requirements of the ACT IPP must be advised to all prospective tenderers at the initial invitation stage. This stage is any approach to market including, but not limited to, Requests for Quotes (RFQ), Requests for Tender (RFT) or Requests for Proposals (RFP). It is at this time, that potential tenderers will be informed of IPP requirements including:

- if the tenderer is required to complete an Employment Contribution Test (ECT) as outlined in section 5.1;
- if the tenderer is required to complete an ACT IPP Plan. If short listing is to occur, then the IPP Plan requirements will apply to short listed tenderers only. Further detail is provided at section 5.2;
- The OIA can assist tenderers to prepare ACT IPP Plans by providing capability information on local suppliers; however, ownership of the Plan, and responsibility to deliver against it, remains with the tenderer.
- IPP Plans (contract value above \$5 million) that are judged to be non-compliant will preclude the tenderer from contract award. Compliant IPP Plans will be weighted in the tender evaluation process;
- the successful tenderer's ACT IPP Plan commitments will be included within the contract and reporting on IPP Plan outcomes will be required by the successful tenderer accordingly;
- the weightings which apply to Employment Contribution Tests and IPP Plans; and
- the level of detail required, which may vary according to the size and complexity of the contract. Other factors, such as investment and supply inputs may also be incorporated or considered differently into the evaluation criteria. Refer to the IPP Guidelines, section xx.

The IPP requirements for ACT Government procurements is summarised at Table 1.

**Table 1: Requirements for ACT Government Procurement**

Category	Procurement Requirement	IPP Requirement
Tender value is <\$25,000	Minimum of 1 oral quote	Local involvement is desirable
Tender value is between \$25,000 and \$200,000	Minimum of 3 written quotes with at least 1 local supplier (where possible)	ECT must be completed and may be used to separate tenderers deemed otherwise equal
Tender value is over \$200,000 and under \$5 million	Public tender	ECT must be completed and weighted a minimum 10% in evaluation
Tender value is over \$5 million	Public tender	IPP Plan is mandatory and is weighted a minimum 10% in evaluation

Refer to IPP Guidelines for more detail.

## 5.1. Employment Contribution Test

An Employment Contribution Test (ECT) applies to all procurements between \$25,000 and \$5 million (GST inclusive). The ECT requires the RTE to first determine if the works, goods and/or services to be procured are available within the Territory or region. If so, all tenderers for the procurement will be required to provide the number of labour hours associated with the primary contract and any sub-contracts that will be discharged locally.

Where the tenderer expects to use subcontractors to deliver the contract, the labour hours directly linked to the delivery of the contract will also need to be submitted and will influence the overall score of the ECT.

Guidelines and templates have been developed to assist tenderers understand the detail and information required to meet ECT requirements.

### 5.1.1 \$25,000 - \$200,000 (GST inclusive)

For contracts between \$25,000 and up to \$200,000 where a minimum of three quotes are being sourced, agencies must seek at least one quote from a local source where possible. This is one case where the term 'local' should be given a more localised definition than that of any Australian and New Zealand supplier. This is consistent with ANZGPA on the basis that non South East Regional Organisation of Councils (SEROC) firms would still have opportunities to give quotes and there is no restriction on agencies seeking more than three quotes if necessary.

For procurements between \$25,000 and \$200,000, where there are two or more bids that meet the needs of Government and they represent value for money, the ECT may be used to determine the preferred tenderer (i.e. the one with the highest score in the ECT test).

### 5.1.2 \$200,000 - \$5 million (GST inclusive)

For procurements between \$200,000 and \$5 million, the ECT will apply in the same manner as is required for procurements between \$25,000 and \$200,000; however, in this higher value range, the ECT will be given a 10 per cent default weighting as a component of the overall evaluation criteria.

Agencies are encouraged to use the OIA if necessary during the market research phase of the procurement process for all procurements with an estimated total value of \$200,000 or more (including GST).

This weighting may be increased based on a merit assessment undertaken by the Director-General of the RTE, in consultation with PCW, at the time the tender documentation is being prepared. The labour hours commitment identified in the ECT may be written into the contract.

### 5.2. Industry Participation Plans - \$5 million and above

The IPP Plans will assist the ACT Government in ensuring local businesses are given a full, fair and reasonable opportunity to be considered for significant contracts.

ACT IPP Plans are mandatory for all procurements valued at \$5 million and above. The IPP Plan must provide a clear statement of the tenderer's commitment to the policy and identify the approach a contractor will undertake to identify opportunities to optimise the benefits to the Territory economy and to use local industry.

IPP Plans will be a weighted evaluation criterion in the tender evaluation process for all ACT Government contracts above \$5 million. A minimum 10 per cent weighting will be applied to the IPP Plans.

Any determination to vary the weighting for a particular procurement (for example, where significant potential economic and social benefits for the Canberra region may apply) will be subject to a merit assessment undertaken by the Director-General of the RTE, in consultation with PCW. Any such determination will need to be made prior to the release of the tender documentation.

Commitments made by the successful tenderer in their IPP Plan will be binding on any sub-contracting arrangements. Where sub-contracting occurs it is the responsibility of the successful tenderer to monitor the application of the IPP over the entire contract term.

Guidelines and templates have been developed to assist tenderers understand the detail and information required to meet ECT requirements. An IPP Plan template will be provided as part of package of tender documents released for each procurement.

Given the broad range of procurement undertaken by the ACT Government it may be reasonable for Territory entities to vary the standard requirements for individual IPP Plans. Where this is the case, RTEs will be required to submit their proposed variations to PCW for consideration. Territory entities should allow for any variations to the standard template in the project and tender planning stage, prior to release of any tender documents.

While the assessment criteria may vary depending on the nature of the contract, typically it may include:

- the number of local jobs directly linked to the contract;
- the value of capital investment in the Territory directly linked to the contract;

- the approach outlined to consider local SME involvement in the contract through supply-chain opportunities;
- past performance of the tenderer in meeting ETC and IPP Plan commitments.
- how the tenderer will promote economic contribution to the Territory, including for employment outcomes and economic growth;
- how the tenderer will provide full, fair and reasonable opportunity to identify and consider products and capabilities provided by local SMEs.
- how the tenderer will commit to work with the ACT Government (particularly the OIA and PCW) throughout delivery of the project to maximise local industry participation; and
- how the tenderer will identify any additional business undertakings that promote economic growth in the region, such as value added research, training programs and skills transfer, and level of commitment to a business presence in the region.

Each IPP Plan will be unique and should be specifically drafted for the procurement with the level of detail required informed by the size and complexity of the contract.

All tenderers are encouraged to contact the OIA for information on local capability when completing their ACT IPP Plan. While also being required to notify local suppliers of sub-contracting opportunities, successful tenderers are also encouraged to work with the OIA post contract award to obtain a list of local suppliers.

Reporting on IPP Plan outcomes will be a contractual obligation for successful tenderers throughout the duration of the contract. Requirements, including frequency, will be negotiated between the RTE and/or PCW and the successful tenderer during contract award. This will require reporting on local SME participation bi-annually, or at a minimum, twice during the contract term, and at contract completion

### **5.3. Compliance after Contract Award**

It is the contractor's responsibility to fulfil its contractual obligations. Nothing in this policy entitles the contractor to charge additional costs over and above the price agreed in the contract, depart from the performance standards applicable to the works, goods and services required by the contract, or depart from any other requirement or obligation set out in the contract. In the same manner, nothing in this policy requires a successful tenderer to bear a 'cost penalty' to deal with local companies.

Following the execution of a contract, any changes to commitments made in the ETC or IPP Plan proposed by the successful tenderer will need to be treated as a contract variation and approved accordingly by the RTE or PCW, where it is managing contracts on their behalf. The RTE or PCW as applicable should consult with the OIA to ensure all practicable avenues in relation to the proposed changes have been explored.

Ongoing monitoring of ACT IPP Plan commitments will be undertaken by the OIA when working with contractors, the RTE or PCW as part of their contract management regime, and by requiring contractors to submit regular reports. These IPP Plan reports may be subject to audit.

Failure of organisations to comply, in part or in whole, with the ACT IPP and the commitments in their ACT IPP Plans will be a factor that will be taken into account in the award of future contracts for the ACT Government and may be considered a breach of contractual agreements. Provision of IPP Plan reports will be a condition for final payment on contracts.

## 6. Measurement and Reporting

### 6.1. Employment Contribution Test

Contractors subject to the ECT regime (contracts valued above \$25,000 and less than \$5 million) will be required to provide the RTE with a report on their ECT outcomes at the completion of the contract. Depending on the contract, more frequent reporting may be required.

### 6.2. Industry Participation Policy Plans

Reporting on ACT IPP Plan commitments will be a contractual requirement for contracts valued at \$5 million and above. This contractual reporting will also apply to Public-Private Partnerships and recipients of ACT Government assistance valued at \$2.5 million or more. Templates to assist contractors with their reporting requirements are included in the ACT IPP Guidelines and are available online from the Procurement website at <http://www.procurement.act.gov.au/>.

Reports for IPP Plans will be required to demonstrate how the contractor has performed against commitments in their IPP Plan and provide details on the value and source of major items purchased for the contract. The OIA is available to work with reporting entities to ensure reports are of a suitable quality.

Table 2 identifies the IPP Reporting Requirements.

**Table 2: IPP Reporting Requirements**

<b>Contract Value</b>	<b>ACT IPP Plan Requirement</b>
\$25,000 and above and less than \$5 million	Report on completion of the contract on ECT outcomes. More frequent reporting may apply to individual contracts.
\$5 million and above	Reporting requirements to be negotiated between the RTE and successful tenderer during contract award. Expected to occur at least bi-annually or a minimum of twice during the contract term, and at contract completion. Reporting is a contractual obligation.

### 6.3. ACT Industry Participation Policy Outcomes

RTEs of the ACT Government will be required to include a statement in their annual reports on the outcomes of ECTs and IPP Plans for which they are responsible. PCW will be responsible for reporting on IPP Plans relating to contracts that it is managing on behalf of Territory entities..

## 7. Monitoring and Evaluation

The OIA will monitor and evaluate the effectiveness of the implementation of the IPP in accordance with the IPP Monitoring and Evaluation Framework [yet to be developed].

## 8. Definitions

### Full, Fair and Reasonable

In the term 'full, fair and reasonable' these words have the following meanings:

- **Full:** local SMEs have the same opportunity afforded to other global supply chain partners to participate in all aspects of a project from project design through to completion.
- **Fair:** local SMEs are provided the same opportunity as global suppliers to compete for contracts on an equal and transparent basis, including being given adequate time in which to tender.
- **Reasonable:** Subject to any explicit requirement of the head contract, tenders are free from technical requirements that might rule out local industry and are structured in such a way that they do not preclude local SMEs from the opportunity to participate in projects and compete for contracts.

When technical specifications are being prepared for contracts, care should be taken to use Australian standards, or standards regularly used in Australia, to ensure that local suppliers are not "designed out" of the contract.

**Region** is the SEROC region.

**Territory Entity** is:

- for government procurement, the agency responsible for awarding the contract.
- for government support, the agency responsible for administering the support package.

**South East Regional Organisation of Councils region (SEROC)** comprises the ACT Government and 12 councils in the South East of NSW.

**Small and Medium Enterprises (SMEs)** are defined by the Australian Bureau of Statistics (ABS) as businesses employing less than 200 people.

### Value for money

The *Government Procurement Act 2001* defines value for money as the best available procurement outcome. This means that value for money includes financial and non-financial elements (such as fitness for purpose, availability, contribution to Government priorities, and flexibility), and is not just the lowest price. In pursuing value for money, Territory entities must have regard to:

- Optimising whole of life costs
- Probity and ethical behaviour
- Anything else prescribed by regulation
- Open and effective competition
- Management of risk

## 9. Abbreviations

**OIA, IPA – when new names are agreed**

**ANZGPA**

**CMTEDD** the Chief Minister, Treasury and Economic Development Directorate, which is an Administrative Unit within the ACT Government.

**ECT**

**EDD** the Economic Development Directorate, which is an Administrative Unit within the ACT Government.

**IPP** an Industry Participation Policy. The intention of the ACT IPP is to generate economic activity, employment, investment and innovation in the Territory's economy.

**ITI** Innovation, Trade and Investment, which is a business unit within the Economic Development Directorate that provides a range of programs and support to the business community.

**PCW** Procurement and Capital Works, which is a business unit within the Economic Development Directorate, that provides procurement-related services to ACT Government Directorates and the community.

**RFP** a Request for Proposal, which is a document issued to potential suppliers requesting a proposed solution to a requirement which is often complex, difficult to define and/or capable of several technical solutions.

**RFQ** a Request for Quotation, which is a document issued to potential suppliers seeking quotes for the supply of goods, services or works.

**RFT** a Request for Tender, which is a document issued to potential suppliers to invite or request tenders and is the most common approach to seeking public offers.

**RTE** a Responsible Territory Entity, which represents the Territory entity responsible for managing the tender and/or contract management of a specific procurement activity. This includes Procurement and Capital Works where it is managing the tender/contract on behalf of another Territory entity.

**SEROC** the South East Regional Organisation of Councils which consists of the 12 local government areas that surround the Territory. The ACT Government is a member of the SEROC.

**SME** defined as a business with up to 200 FTE employees based within the SEROC.

## 10. Policy Review

PCW, on behalf of the ACT Government undertakes to conduct a review of the policy within five (5) years of its implementation.

## 11. Related Documents

ACT Government Industry Participation Policy Guidelines

ACT Government Industry Participation Policy Employment Contribution Test Template

ACT Government Industry Participation Policy Plan Template

ACT Government Industry Participation Policy Plan Reporting Template

ACT Government Industry Participation Policy FAQs

## 12. Contacts

Executive Director  
**Innovation, Trade and Investment**  
Telephone  
(02) 6207 5785  
Email: xxxxxx

Executive Director  
**Procurement and Capital Works**  
Telephone  
(02) 6207 5542  
Email: [shareservicesprocurement.bussup@act.gov.au](mailto:shareservicesprocurement.bussup@act.gov.au)  
For more information visit:  
<http://www.procurement.act.gov.au/>

## BRIEF



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

Date	29 January 2015	TRIM No: BM15/142 File No:
<hr/>		
To	Minister for Economic Development	
	<ul style="list-style-type: none"> <li>• Director-General, Economic Development [REDACTED] 29/1/15</li> </ul>	
<hr/>		
From	Executive Director Procurement and Capital Works	
<hr/>		
Subject	Consultation Paper for an Industry Advocate in the ACT	
<hr/>		

### Critical date and reason

As soon as possible, to meet Minister's Office timeframe.

### Background

Your Office has requested a Consultation Paper about an Industry Advocate in the ACT to use in consultation with key stakeholders, coordinated from your Office.

The draft proposed Local Industry Participation Policy (LIPP) is attached for use in the consultation, if your Office chooses (refer Attachment A). The LIPP, as currently drafted, envisages an 'Industry Advocate' (with the name of the role yet to be settled) and its functions. A Paper with background on the proposed Industry Advocate and suggested questions, and example responses in case your Office wishes to use them, to stimulate discussion in the consultation process is at Attachment B.

### Issues

Nil.

### Consultation

Procurement and Capital Works has consulted with Policy, Projects and Legislation in Economic Development in preparing the LIPP and Consultation Paper.

### Financial

Nil.

### Risks/ Sensitivities

Nil.

**Media**

Nil.

**Recommendations**

That you note the above for use in consultation with stakeholders on the Industry Advocate.

George Tomlins

Action Officer: Jan Pearse  
Phone: 620 72625

Andrew Barr MLA..........<sup>12 / 2 / 15</sup>

**AGREED/NOT AGREED/NOTED/PLEASE DISCUSS**



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

## POSITION DESCRIPTION

**Directorate:** Chief Minister, Treasury and Economic Development Directorate

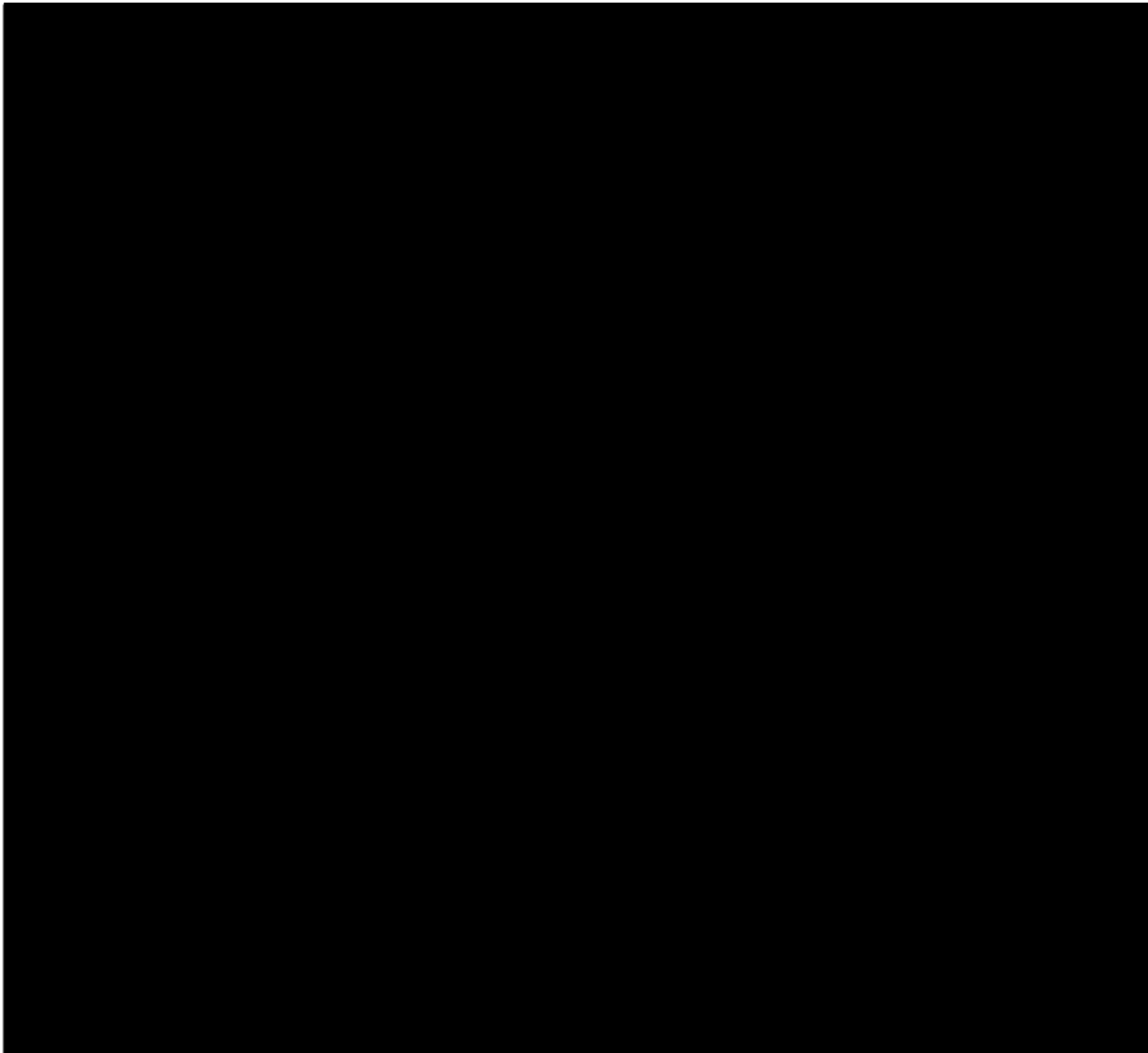
**Division:** Office of the Director-General, Economic Development

**Position Title:** Local Industry Advocate

**Position Number:** Exxxxxx

**Classification:** Executive Level 2.4

The position is for three days per week and remuneration is at Executive Level 2.4 equivalent (pro rata).



#### **Selection Criteria**

The position requires outstanding leadership, relationship management and communications skills. A commitment to public service integrity is essential. The successful applicant will have built and maintained constructive relationships with the local business sectors and their peak organisations. Applicants should have demonstrated knowledge of ACT Government goals and objectives and the capacity to contribute to and support various private sector development activities across Government.

The successful applicant will be engaged under an executive contract. Prospective applicants should be aware that individual contracts are tabled in the ACT Legislative Assembly.

Tertiary qualifications in a relevant field will be highly regarded.

Applications should address the selection criteria below which are based on the ACTPS Executive Capabilities (see also <http://www.cmd.act.gov.au/governance>):

**Leads and values people**

- Motivates and develops people
- Values diversity and respects individuals
- Builds a culture of improving practice

**Shapes strategic thinking**

- Inspires a sense of purpose and direction
- Encourages innovation and engages with risk
- Thinks broadly and develops solutions

**Achieve results with integrity**

- Develops organisational capability to deliver results
- Manages resources wisely and with probity
- Progresses evidence based policies and procedures
- Shows sound judgement, is responsive and ethical

**Fosters collaboration**

- Listens and communicates with influence
- Engages efficiently across government
- Builds and maintains key relationships

**Exemplifies citizen, community and service focus**

- Understands, anticipates and evaluates client needs
- Creates partnerships and co-operation
- Works to improve outcomes

Executive Capabilities are a way of describing the behaviours that characterise successful ACTPS executives and the values and personal attributes that support these behaviours. They also provide an integrated and consistent means of assisting executives to identify developmental needs and achieve significant and measurable growth in areas such as leadership, strategic vision and effective management.

MINUTE



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

Date 1 July 2015

TRIM No: BM15/1747

To Chief Minister

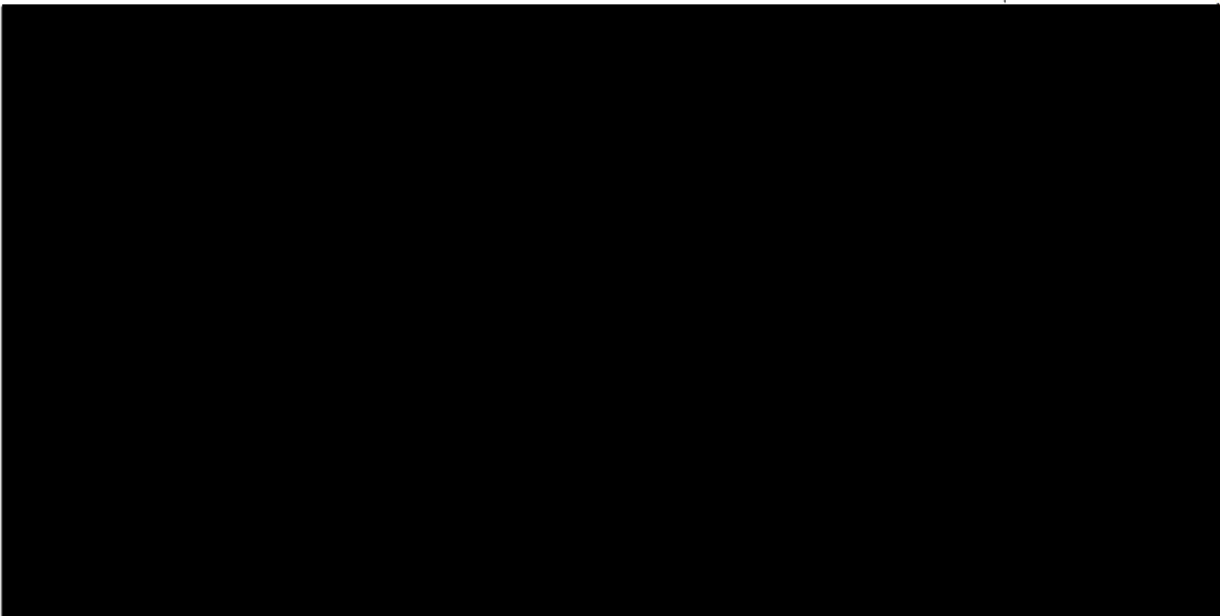
- Head of Service



15/7

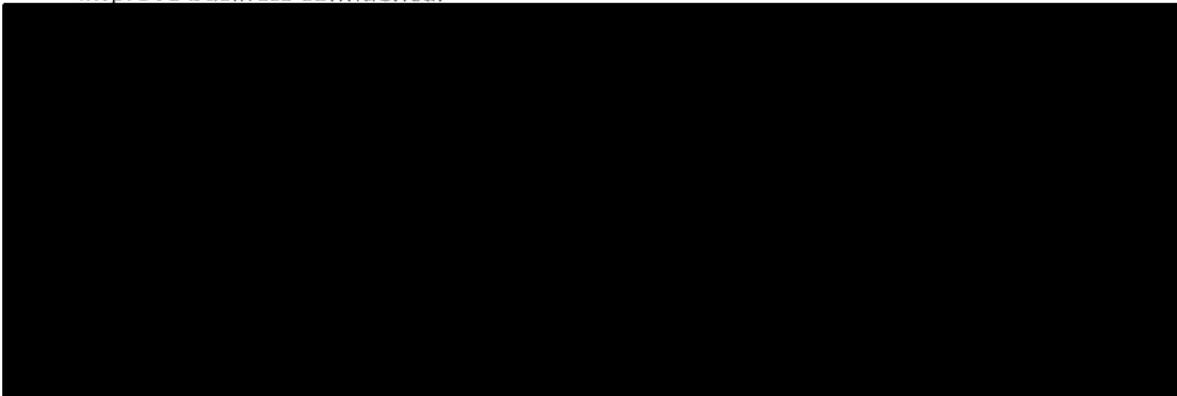
From Director-General, Economic Development

Subject Local Industry Advocate – Position outline and recruitment process

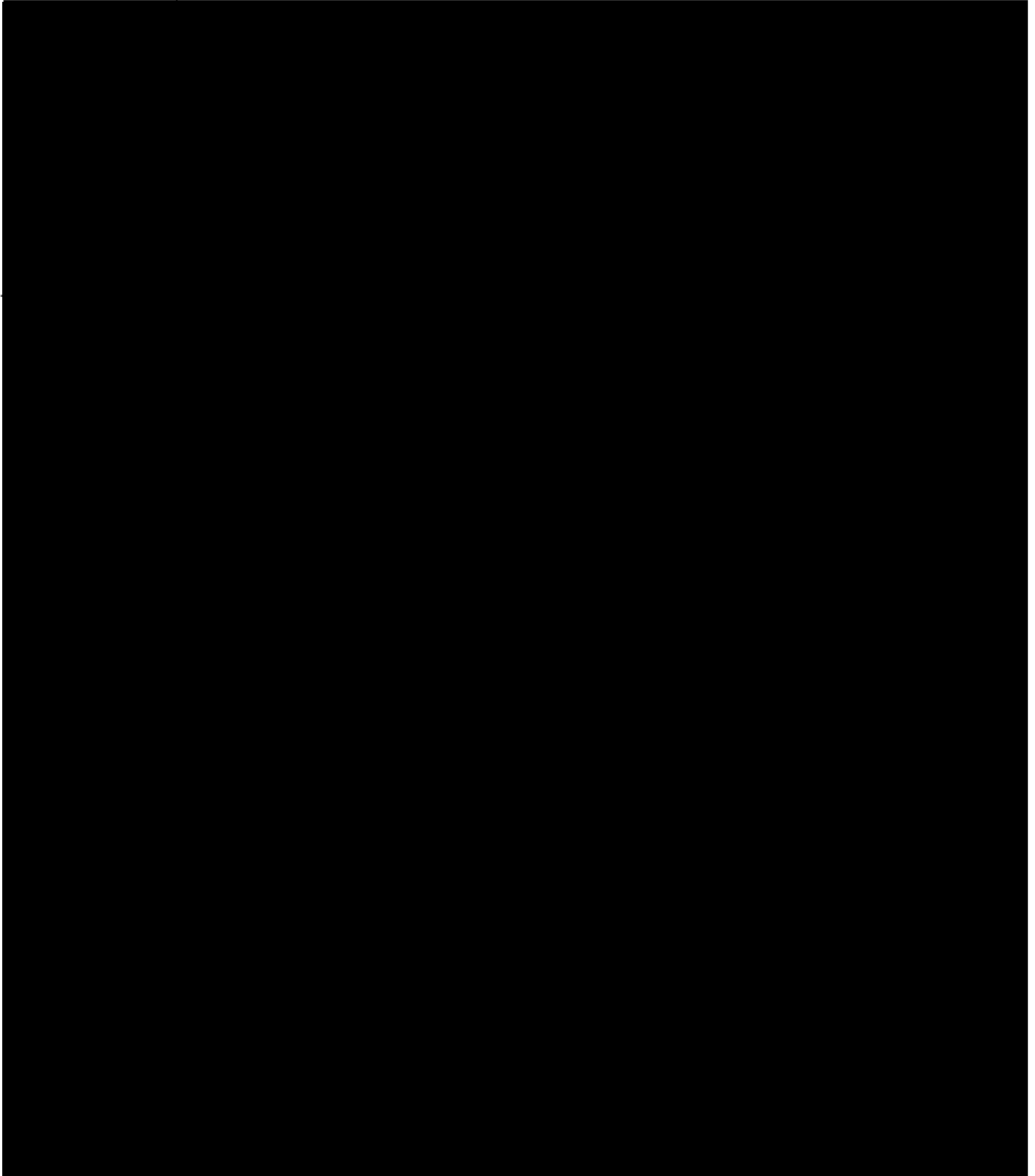


**Issues**

5. Industry stakeholders have been very supportive of the proposed LIA as a means of ensuring they are given a stronger voice and a greater opportunity to engage with Government. Feedback from stakeholders also indicates that this reform will improve business confidence.



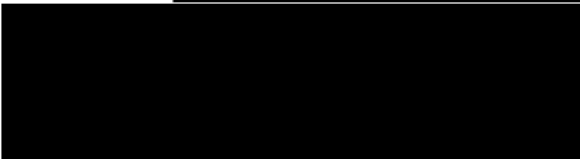
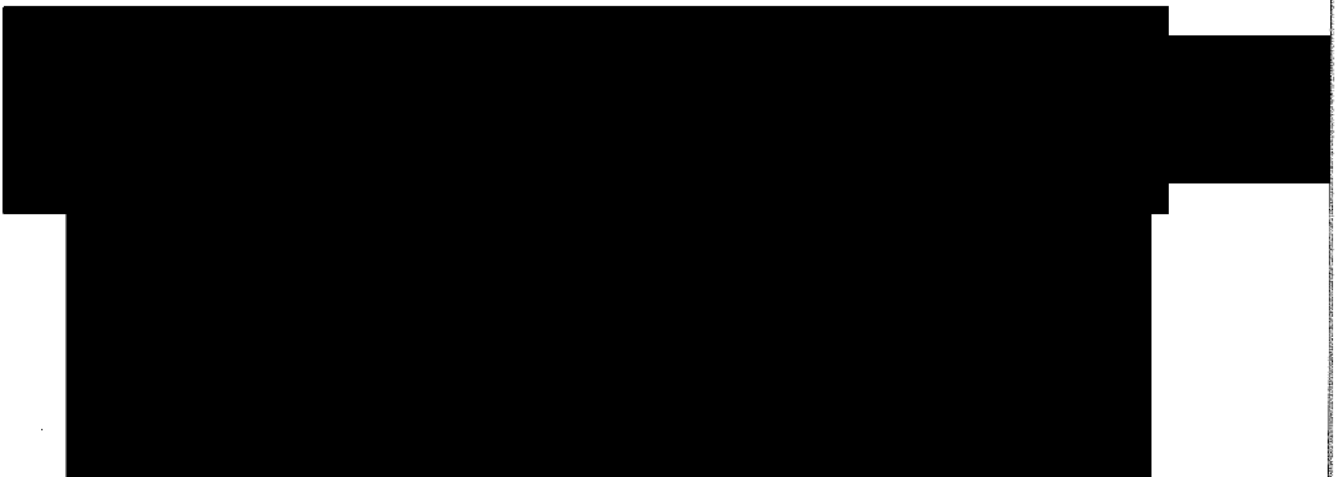
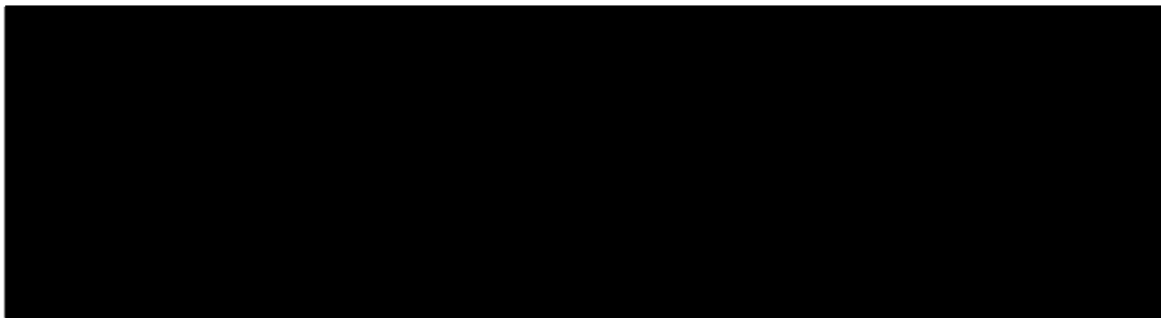
8. A draft position description for the LIA is at **Attachment A**. The position description is based on the South Australian model, but takes account of feedback from industry.





**Financial**

19. The LIA is proposed to be appointed at the Executive 2.4 level. It is proposed that the Office of the LIA be supported within CMTEDD Governance structures, including in relation to secretariat support for the role.



David Dawes  
2-7-15



Andrew Barr MLA .....23/7/2015

## MINUTE

**ACT**  
GovernmentChief Minister, Treasury and  
Economic Development

CABINET-IN-CONFIDENCE

Date 30 July 2015

TRIM No: BM15/1693

File No:

To Chief Minister

- Director-General, Economic Development

From Director, Office of the Director-General

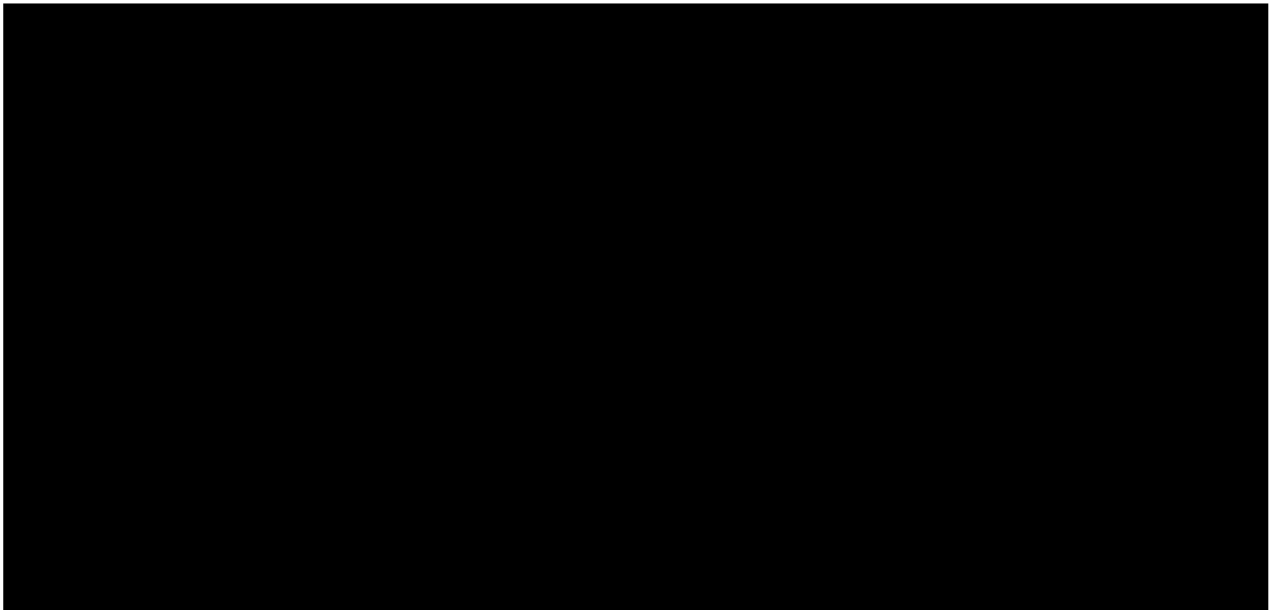
Subject 15/488 -Appointment of Local Industry Advocate (LIA) - Cabinet  
consideration

3. An options paper was developed and used as the basis for consultation with stakeholders.



**Financial**

9. The position will be at the Executive 2.4 level (pro-rata).



David Dawes

*Andrew Barr MLA ..... 4/8/15*

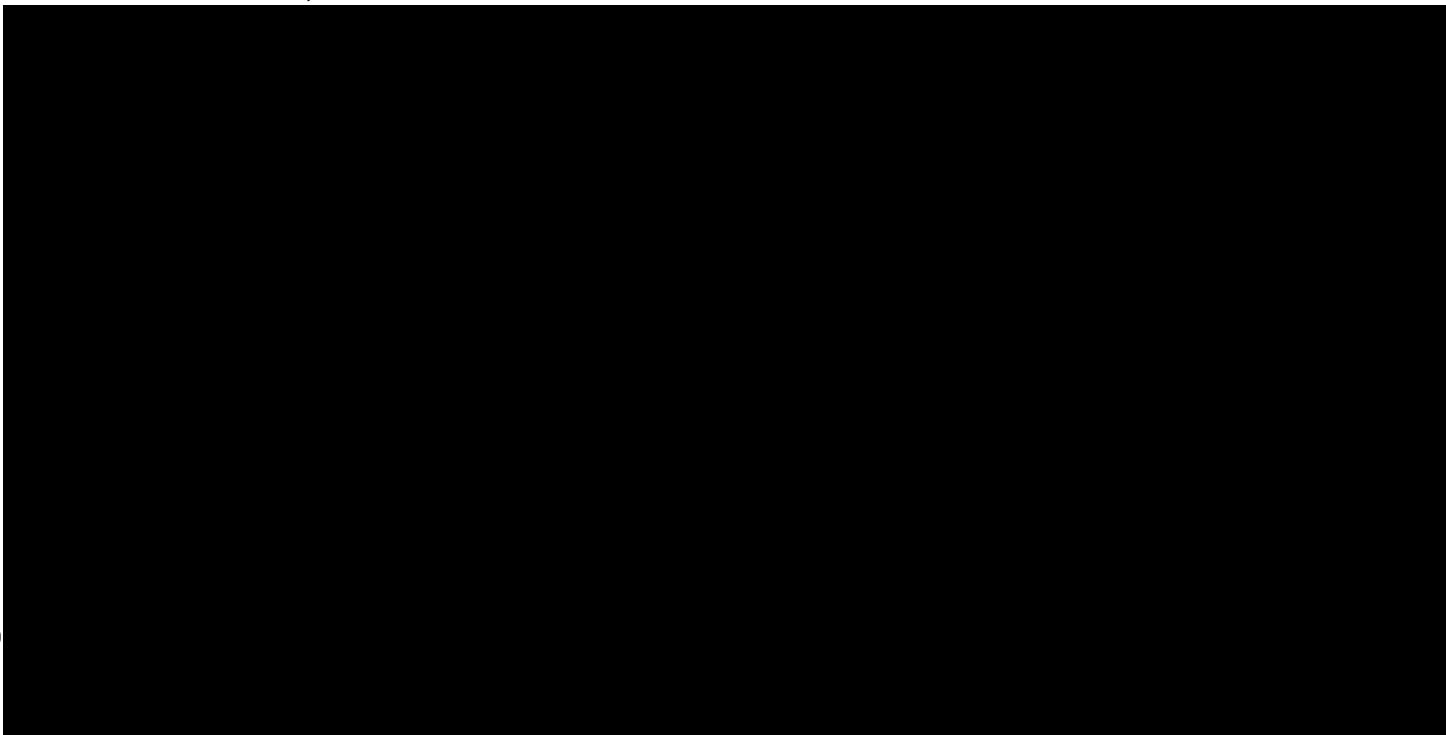
For Cabinet

15/488

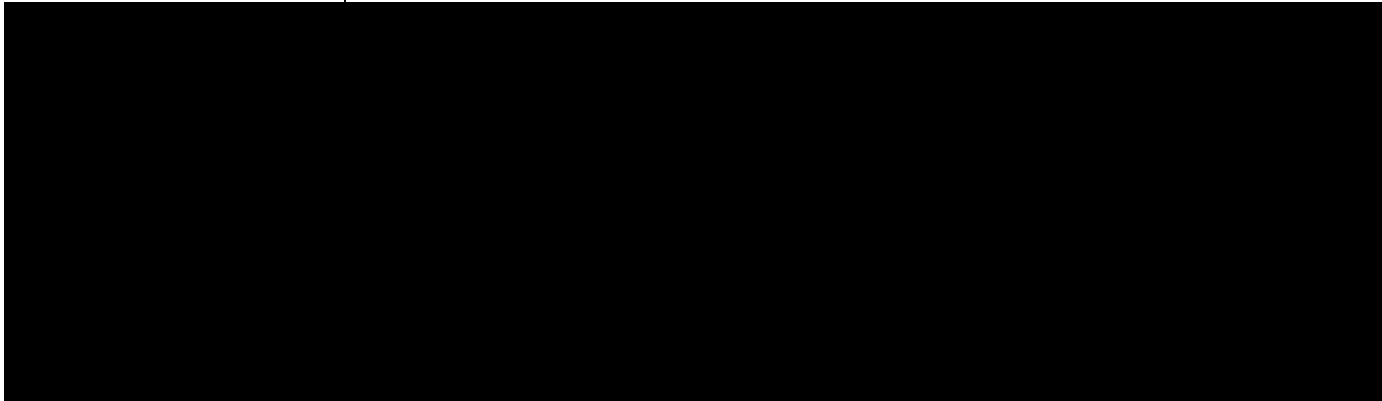
**Local Industry Advocate: Appointment**

Chief Minister, Mr Andrew Barr MLA

**CABINET APPOINTMENT**

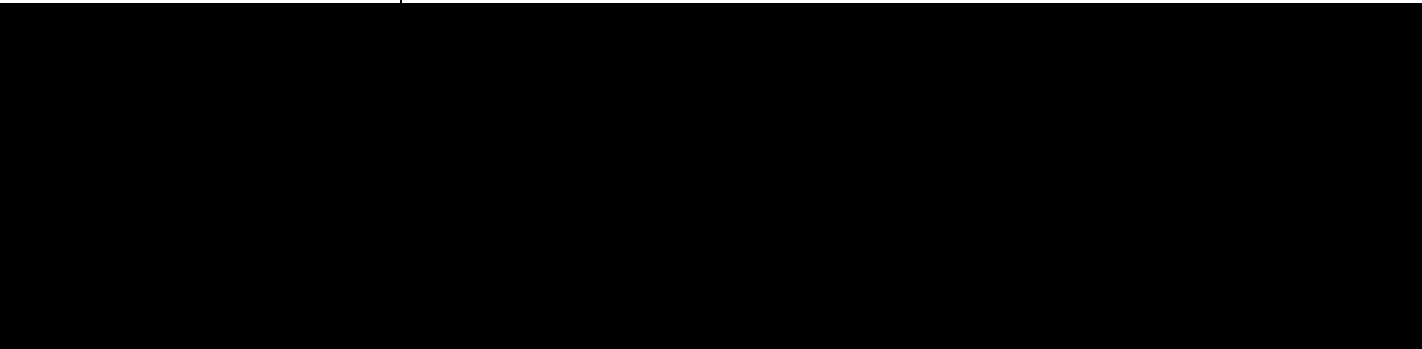


Consultation

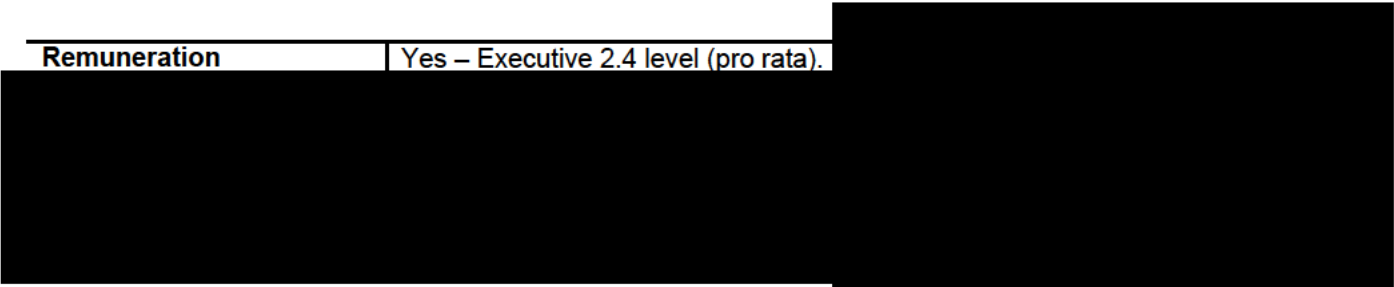


• Other

An options paper was developed and used as the basis for consultation with industry stakeholders. The latter are very supportive of the proposed appointment as a means of ensuring they are given a stronger voice and a greater opportunity to engage with government, especially in relation to procurement.



Remuneration	Yes – Executive 2.4 level (pro rata).
--------------	---------------------------------------



**INDEX TO ATTACHMENTS**

Attachment	Title	Page(s)	Release (Yes/No)
B	Position Description	3	No

### Industry Advocate

The position will be responsible for ensuring local businesses (covering the ACT and Canberra Region) have maximum opportunity to participate in ACT Government procurement contracts. This will be achieved through:

- identifying opportunities to reduce complexity and red tape in the Government's procurement processes;
- supporting implementation of best practice in public procurement with a focus on removing barriers and reducing the costs to business of participation in ACT Government procurement processes;
- working with industry stakeholders to increase capabilities and competitiveness when participating in procurement processes; and
- developing a Local Industry Participation Policy.

The LIA will maintain productive relationships with Government and industry stakeholders and work collaboratively to achieve desired outcomes. ACT Government stakeholders will include the Director-General, CMTEEDD, the Director-General, Economic Development, the Under Treasurer, and other executives across government. Industry stakeholders will include peak organisations, professional groups and other organisations and individual businesses of all sizes across all sectors.

The position is for three days per week and remuneration is at Executive Level 2.4 equivalent (pro rata).

### Key Tasks

- Engaging with government and non-government stakeholders to identify impediments preventing local companies participating in ACT Government procurement.
- Recommending practical solutions to reform procurement policies and practices to help ensure local businesses are not disadvantaged.
- Actively seeking bids from local businesses for government contracts.
- Working with local businesses and industry associations to identify gaps in skills, capabilities or other areas needed to successfully compete for Government contracts.
- Facilitate improved communication between government and non-government stakeholders regarding the expectations for and outcomes of procurement processes.
- Review acquisition plans and tender documentation in key contracts to identify any unnecessary impediments to local companies bidding.
- Review tender awards for the application of assessment criteria.

- Review contracts and assess if IP Plans are being applied properly by the prime contractor; and
- Review tenders post award and, when necessary, make recommendations to the relevant agency Director-General or Minister for improving industry participation going forward.
- Liaising with the Commonwealth and other State Governments to examine how local businesses can improve their chances of winning tenders interstate.

*The appointment will be for 18 months with a review conducted after 12 months.*

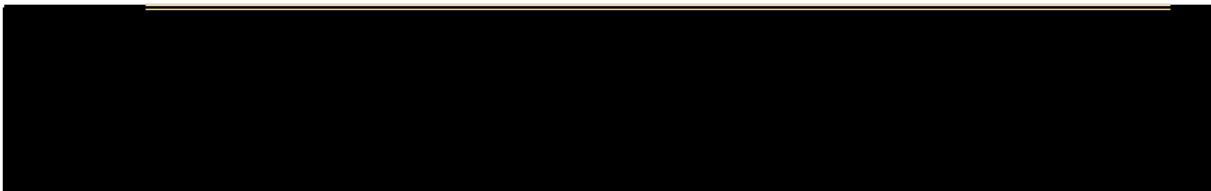


**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

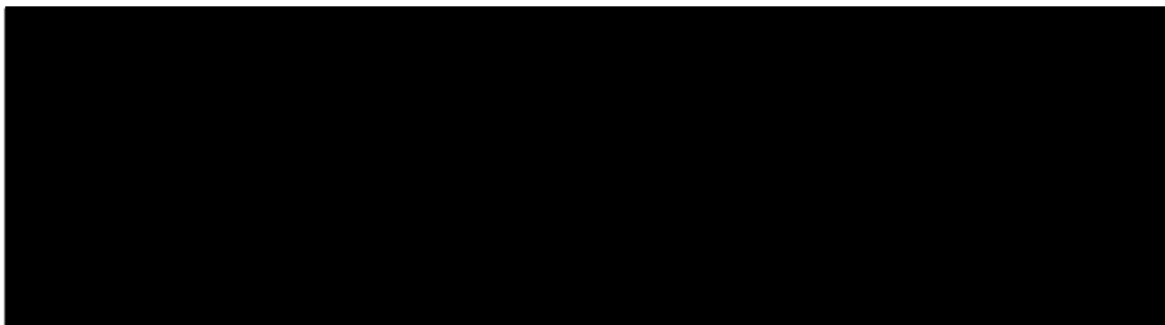
To: Chief Minister

Subject: Appointment of Local Industry Advocate



**Recommendations**

2. That you:



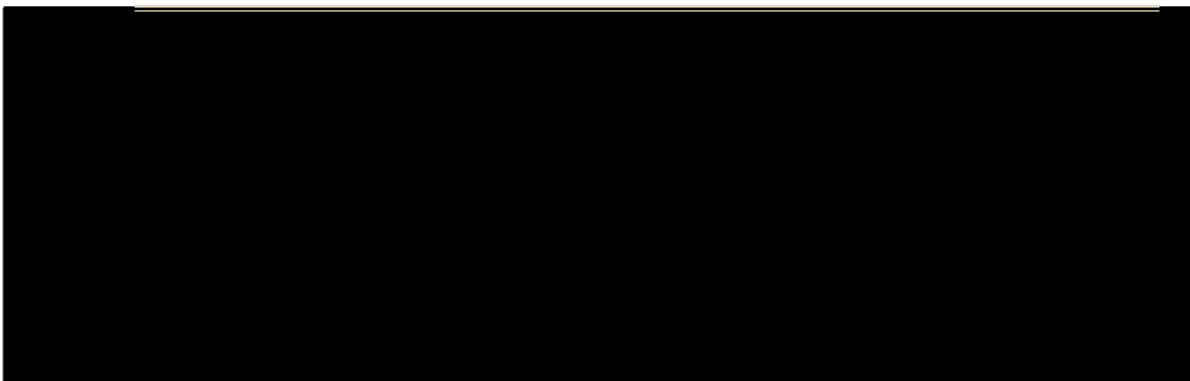
- Note that a proposal is being prepared for the Remuneration Tribunal to determine the salary level for the LIA.


~~NOTED~~/PLEASE DISCUSS

- Agree, pending the Remuneration Tribunal determination, to an interim determination for the LIA of \$146,532 per annum, which is equivalent to an Executive level 2.4 at 3 days per week.

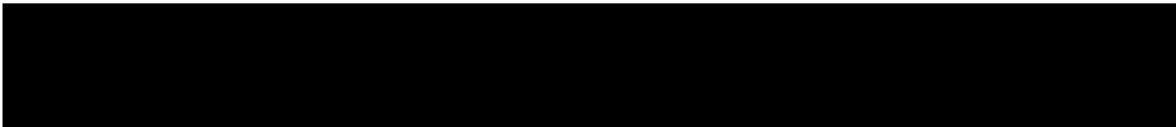
~~AGREED~~/NOT AGREED/PLEASE DISCUSS

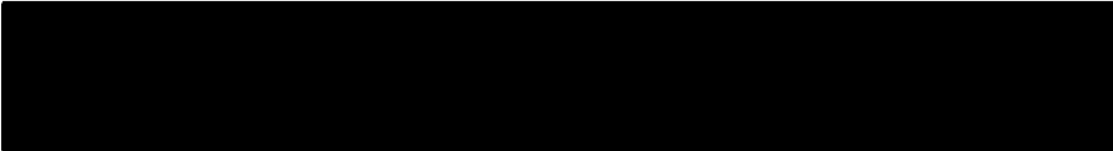
Andrew Barr MLA ..... 15/9/15



5. An options paper was developed and used as the basis for consultation with stakeholders.
- 

#### Pay and conditions



10. A request to the Remuneration Tribunal is currently being prepared. Pending Tribunal consideration, your agreement is sought to make an interim remuneration determination.
  11. The responsibilities of the position have been assessed against similar existing ACT Government positions. In particular, this has considered the level of authority to be held by the position, and the interpersonal and negotiation skills needed to maintain relationships with a broad range of stakeholders and to effectively represent the ACT Government in doing so. Based on this assessment, it is recommended that the interim determination be equivalent to an Executive level 2.4 at 3 days per week. This would equate to an interim remuneration of \$146,532 per annum (total annual remuneration package for an Executive 2.4 is \$244,220).
- 



**Financial**

14. Remuneration for the LIA will be determined by the Remuneration Tribunal.

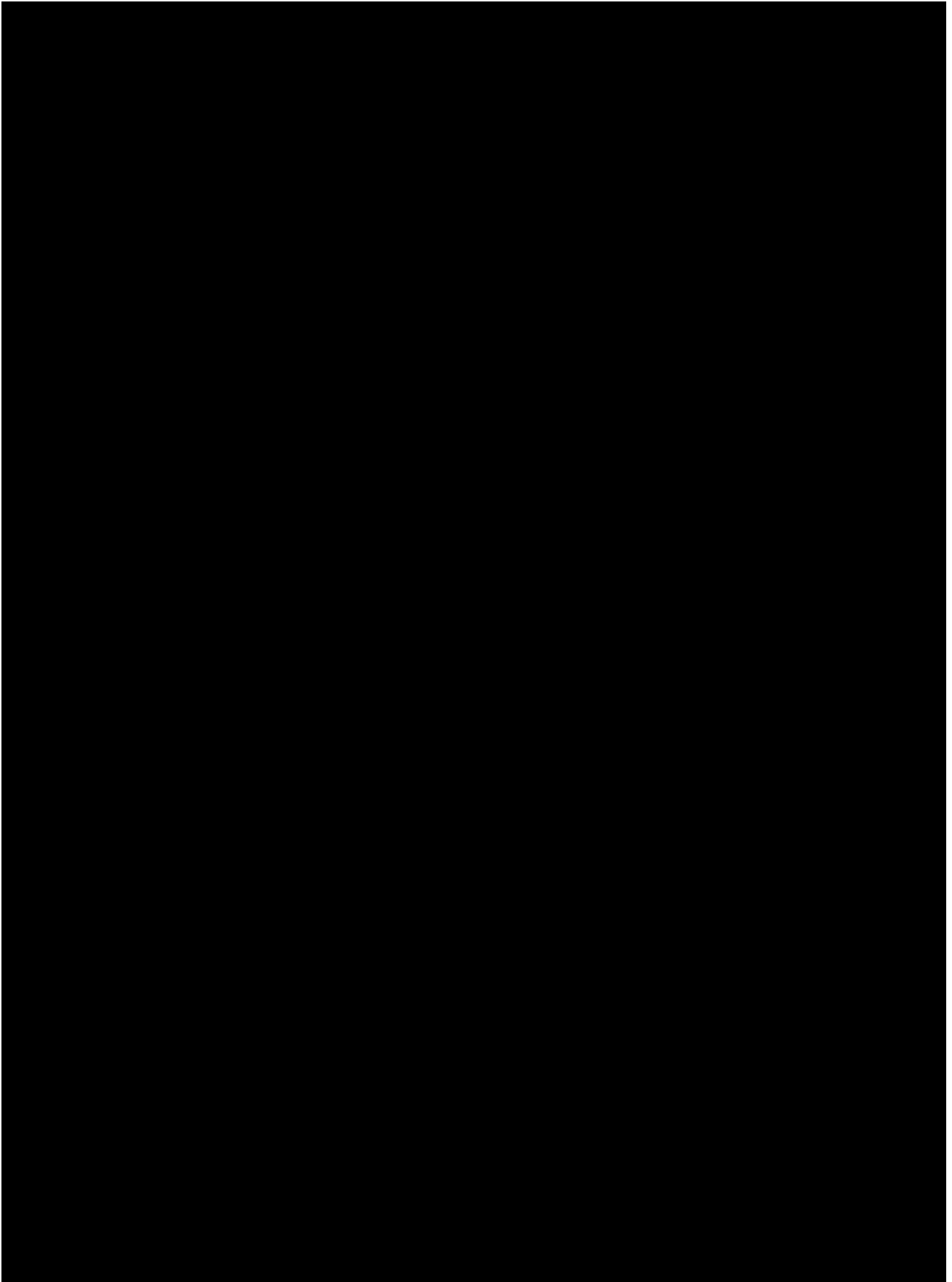


Senior Clearing Officer: David Dawes

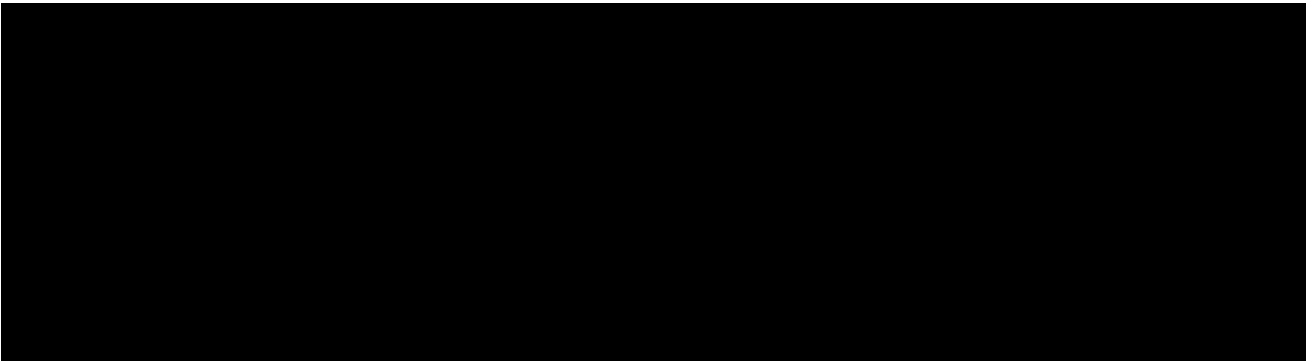
Phone: x73331

15/9/15

**Speaking notes for David Dawes' attendance at MBA Professional Sector Council meeting**



  
***Local Industry Advocate***

- My office is assisting the Chief Minister's office to appoint the Local Industry Advocate (Advocate).
  - The Advocate will be tasked with making it easier for small to medium local businesses to engage in procurement processes, including through:
    - finalising and then implementing the local industry participation policy, which will require tenderers to describe how they will contribute to the local economy
    - supporting implementation of best practice in public procurement with a focus on removing barriers and reducing the costs to business of participation in ACT Government procurement processes
    - make recommendations on reducing complexity and red tape in procurement processes
    - engaging with industry leaders, industry representative bodies, unions, universities and other professional organisations to identify impediments to local companies accessing work from government contracts, and suggest ways to remove those impediments.
    - encouraging local businesses and industry associations to build and maintain the skills and capabilities needed to successfully compete for Government contracts
    - increasing awareness within Government of the capabilities of ACT and region businesses
  - It is expected that the Advocate's work will result in an increase in the number and diversity of locally based companies winning contracts
- 



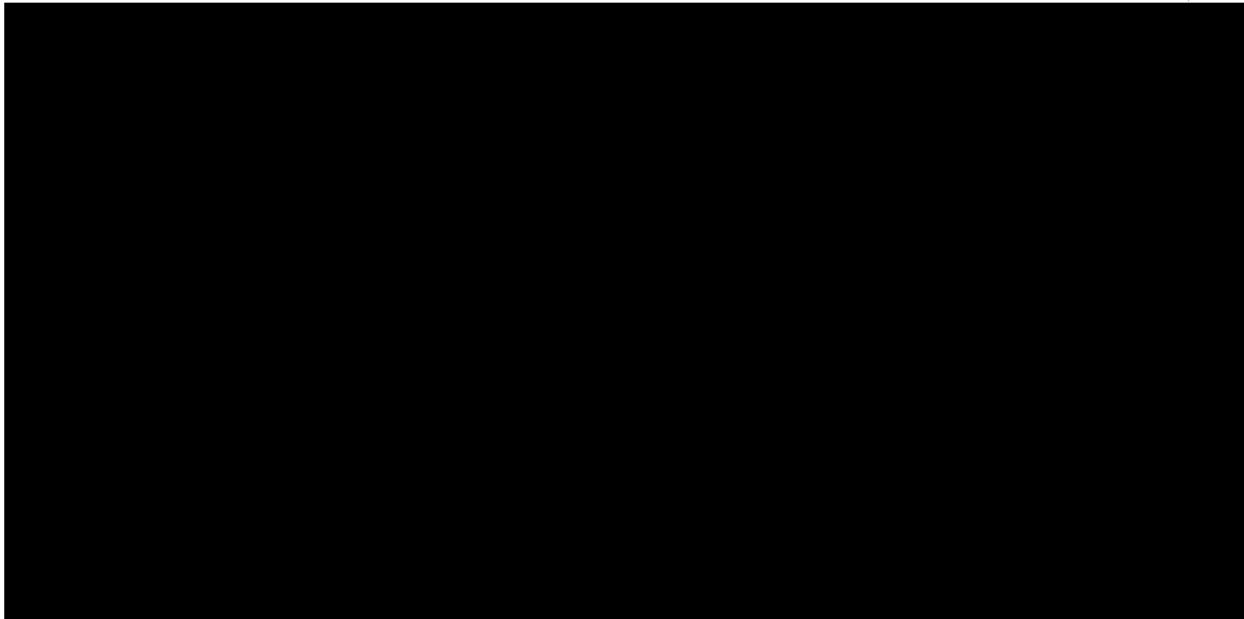
**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

TRIM: BM15/3181

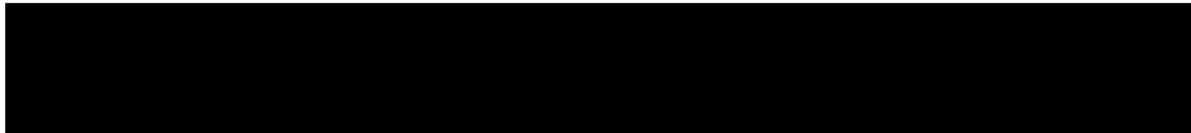
To: Chief Minister

Subject: Appointment of Local Industry Advocate

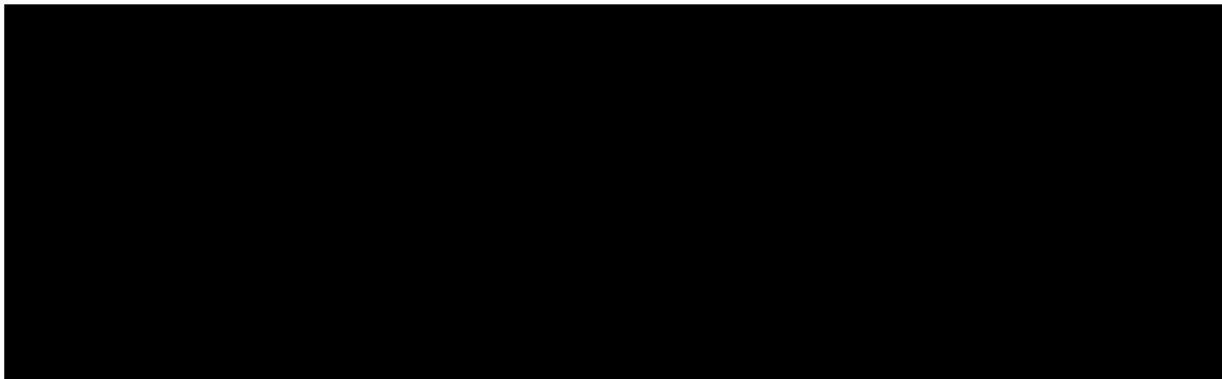


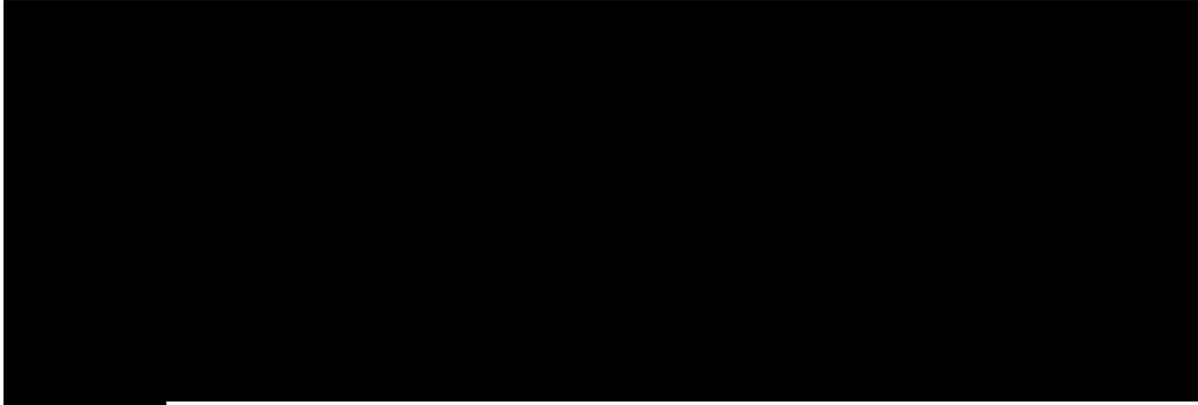
Andrew Barr MLA ..... 14/12/15

**Supporting Reasoning**

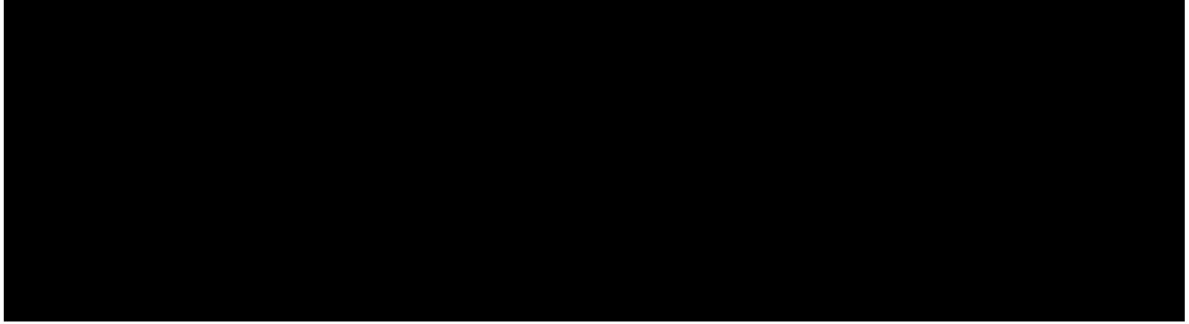


4. The existing position statement is at Attachment A – in summary it describes the role as ensuring local businesses (covering the ACT and Canberra Region) have maximum opportunity to participate in ACT Government procurement contracts, particularly significant construction and major government services procurements. However, over time the position will also have an impact on changing the culture in ACT Government procurement and supporting local investor confidence.





Advice on remuneration is being prepared by Workforce Capability and Governance and you will be separately briefed on this.



**Financial**

15. Remuneration for the LIA will be determined by the Remuneration Tribunal. Support arrangements for the office will be managed through existing resources within Economic Development.



Executive Clearance: David Dawes

Date: 11 December 2015

Phone: x73331



**Instrument of Appointment  
Local Industry Advocate**

We, Mr Andrew Barr MLA and Dr Chris Bourke MLA appoint Ms Kate Alexandra Lundy to the position of Local Industry Advocate for a term commencing on 1 February 2016 to 31 December 2017, in accordance with the Terms of Appointment.

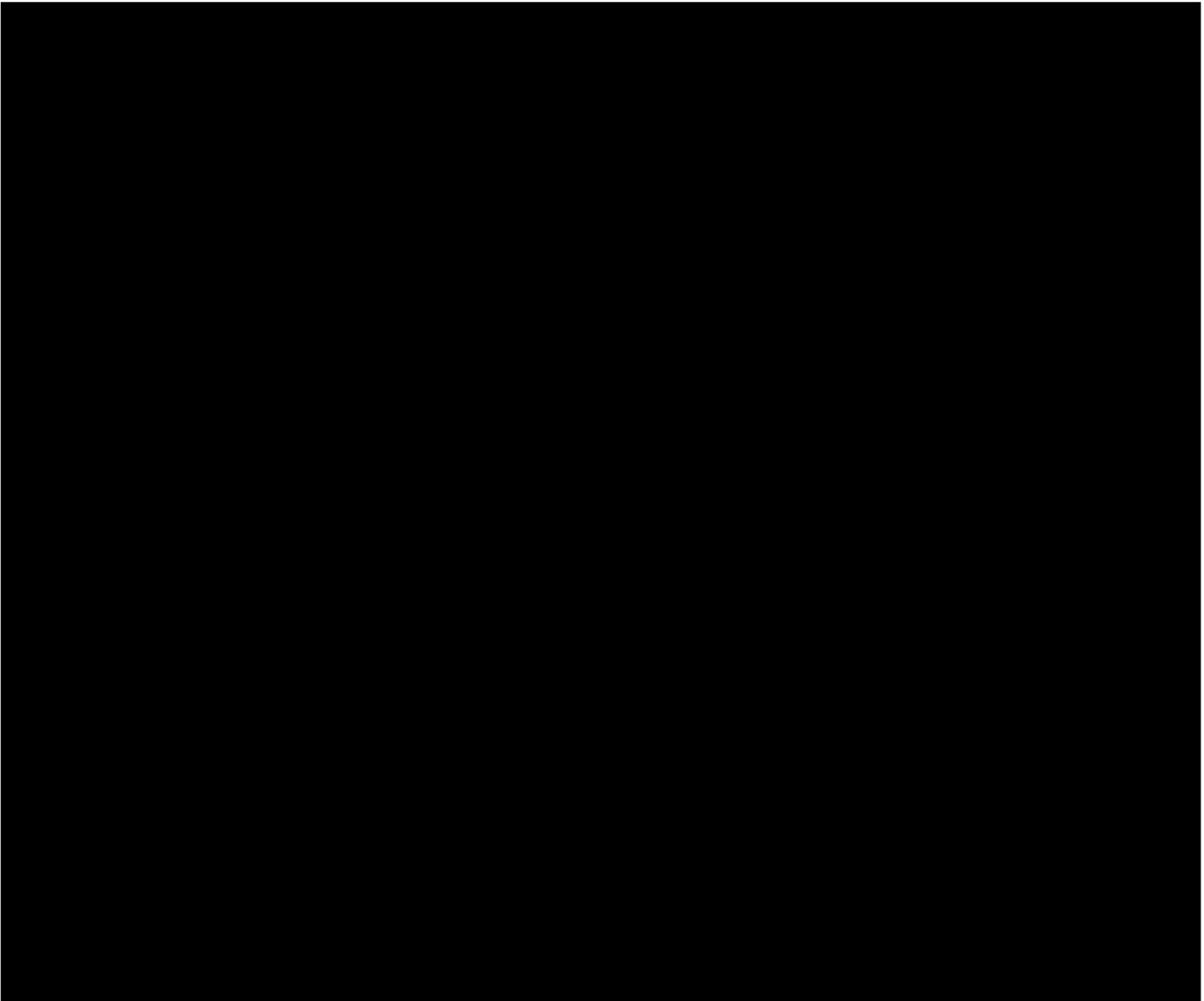
[REDACTED]  
.....  
Andrew Barr MLA  
Chief Minister

Dated: 10. 2. 2016

[REDACTED]  
.....  
Chris Bourke MLA  
Minister for Small Business and the Arts

Dated: 11/2/16

**Terms of Appointment  
Local Industry Advocate**



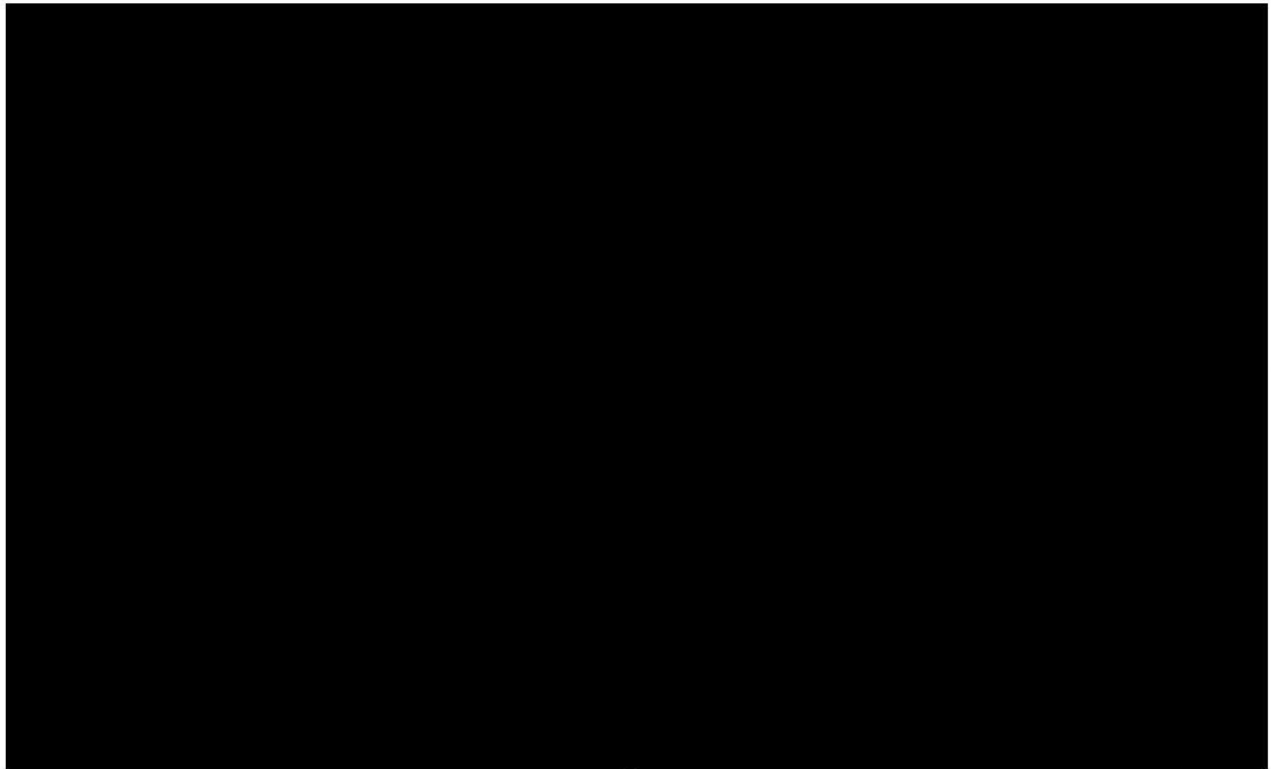
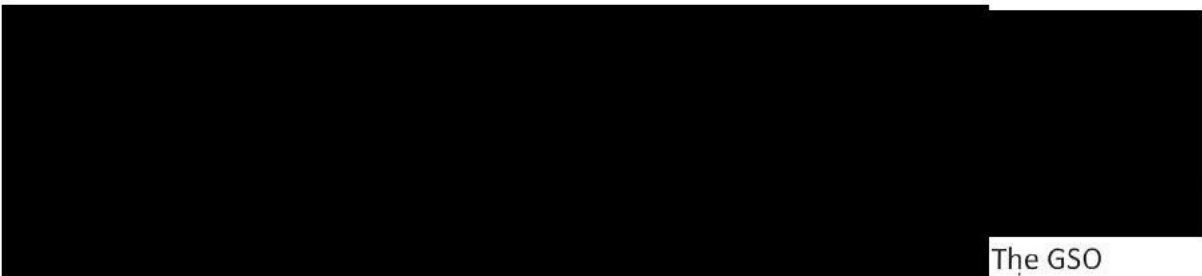
**3. Remuneration and payment**

- (1) The Appointee will be remunerated on a *per diem* basis (daily or half-daily) at a level equivalent to the salary component of a public service executive level 2.4 in accordance with the relevant determination of the Australian Capital Territory Remuneration Tribunal from time to time (presently \$196,091 per annum). The *per diem* is based on 7.35 hours per day and is set at \$942.75.
- (2) The Appointee will be deemed an employee of the Territory for the purpose of section 12(9) of the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the Territory will pay on her behalf a superannuation contribution equal to 9.5% of the *per diem* payments paid to the Appointee, into a superannuation fund nominated by the Appointee.

- (3) The Appointee will keep a record of hours worked under this Appointment and submit it to the Director General, Economic Development (or delegate) on behalf of the Territory on a fortnightly basis.
- (4) Subject to any other arrangements negotiated with the Appointee and approved by the Territory, the Appointee will be paid fortnightly in arrears through the ACT Government pay system.


**ACT**  
GovernmentChief Minister, Treasury and  
Economic Development

TRIM: BM 16/186

**To: Chief Minister****Subject: Local Industry Advocate (LIA) – formalisation of appointment****Supporting Reasoning**

The GSO determined that a 'private instrument' would be the appropriate mechanism and an instrument has now been drafted.

7. The instrument contains the following key provisions:

- Remuneration paid on a *per diem* basis. 
- GSO has also considered the daily rate and consider that a per day rate of \$942.75 would be justified. This calculation is based on the daily rate of an Executive Director 2.4 with a 25% casual loading (as stipulated under the

Territory Enterprise Agreement) to reflect that the appointee is not remunerated for annual leave, sick leave or public holidays.



Director-General: David Dawes 4/2/16

Executive Clearance: Chris Wilson, Director, Office of the Director-General

Date: 4 February

Phone: x52697