



Local ticket to a better Canberra

Capital Metro's Local Industry Participation Policy

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1 Foreword

The Capital Metro project is delivering stage one of a potential city wide light rail network in Canberra, but its benefits will span far beyond the realm of transport. Light rail acts as catalyst for change along the corridors it runs; driving more efficient cities, urban renewal, reducing congestion and improving quality of life.

Experience in over 400 locations worldwide has shown that effective and reliable light rail solutions can attract investment and employment opportunities, bring environmental benefits and encourage more active lifestyles.

Through the delivery of this city-changing project there exists a great opportunity to not only create local jobs during construction and operation, but also to build ongoing capability that can be called upon to deliver future light rail stages and support other local infrastructure projects.

This opportunity will be realised through close collaboration between the project team, the wider ACT Government, local suppliers, industry leaders, education providers and the local workforce.

This collaboration will support the development of a Capital Metro Local Industry Participation Plan, which will set a benchmark for projects of this nature in the ACT and guide future government purchasing and investment decision making.

Capital Metro Local Industry Participation will also assist in the sustainable development of the ACT economy while providing a real opportunity for locals to better understand the project and be part of its planning, delivery and operations.

This policy will set the strategic direction for local industry participation throughout each stage of the project. Once endorsed, this policy will guide the development of a Local Industry Participation Plan (LIPP). The steps to creating the LIPP are outlined below.

2 Scope

While the scope for Capital Metro Local Industry Participation is quite broad, efforts will be prioritised to ensure the highest value opportunities are targeted for delivery in the LIPP. Generally speaking, Capital Metro Local Industry Participation includes:

- education and pre-employment activity that may assist local individuals and companies to be involved in delivery of light rail in Canberra
- education and pre-employment activity that may assist disadvantaged groups in gaining work opportunities through Capital Metro
- any form of support to benefit local industry and individuals
- any form of support to benefit small and medium enterprises
- measures for the economic and social advancement of disadvantaged groups
- measures for the economic and social advancement of Indigenous people.

3 Aims

Through Local Industry Participation, Capital Metro aims to:

- give competitive local businesses the opportunity to participate in the planning, delivery and operation of light rail in Canberra
- build local rail construction, maintenance and operation capability that has not previously been present in Canberra

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- build rail capability that is sustainable and able to be applied to future light rail stages
- work with local government and industry to connect existing initiatives and Capital Metro's opportunities
- identify and deliver against national and local employment targets and priority areas
- deliver initiatives that result in improved employment opportunities for high priority groups, such as youth and Aboriginal and Torres Strait Islander peoples
- investigate opportunities to apply favourably weight local suppliers for appropriate works packages while complying with national fair trade agreements
- support local small to medium enterprises in being part of the delivery of Capital Metro
- encourage major project proponents and developers to establish project offices and operations bases in the ACT
- provide major project proponents and developers with increased access to quality ACT businesses
- foster strong regional economic development
- contribute to a more robust and sustainable ACT economy
- encourage increased research and development by the private sector in the ACT
- promote the use of local services and supplies
- strengthen the workplace availability of skilled labour
- support greater Indigenous participation in the ACT economy
- assist major project proponents and developers through reduced costs by building industry capability and capacity
- encourage more ACT businesses to:
 - meet the highest international quality standards
 - utilise new technologies and materials
 - form alliances and clusters to increase their competitiveness.

4 Objectives

The objectives that this policy and the ensuing plan will be measured against include:

- delivery of a transparent and well-endorsed plan
- an outline of well considered targets
- delivery of initiatives that
 - increase local rail construction and operation capability
 - assist local companies to be part of Capital Metro's planning, delivery and operations
 - help National and International companies to understand and take advantage of local content
 - provide local education providers with opportunities to help build new capability
 - support the economic advancement of disadvantaged groups
 - increase the competitiveness of local companies
 - strengthen the local economy
 - support local and national government workforce priority programs
 - support increased investment in the ACT

5 Partnership

In coordination with the wider ACT Government, the Capital Metro team will work with the industry and all relevant sectors to achieve the aims and objectives outlined above.

6 Defining Local

The definition of 'local' in this framework is proposed to be broken across two tiers as aligned with the ACT and Commonwealth Government Procurement policies.

This approach is intended to be applied to the procurement of services during the construction and operation of the Capital Metro Stage One light rail system and will be further developed and clarified in the full Local Industry Participation Plan. Further detail on relevant tender evaluation techniques and specific requirements will be detailed in the full plan.

As noted in section 9.3 below, this work will be completed in partnership with the ACT Government's Commerce and Works Directorate and will align with the ACT Government's procurement policies, including the ACT local SME Policy.

Tier 1 covers the Greater Capital Region (incorporating the Regional Development Australia Committees – ACT, Southern Inland and Far South Coast).

Tier 2 covers Australia or New Zealand in accordance with the Australia New Zealand Government Procurement Agreement (ANZGPA).

7 Principles

The following principles underpin Capital Metro Industry Participation:

Development of long term capability: Capital Metro is determined to leverage the opportunity presented by the delivery of stage one in terms of bringing new skills to Canberra that can be transferred or developed through strategic partnerships.

Competitiveness: Local industry's ability to compete on a global scale should be strengthened and promoted.

Value: This will be the primary consideration in Government purchasing and supply decisions. It may encompass consideration of whole-of-life costings, including the costs and benefits to Government and the community, rather than a focus on the lowest purchase price.

No Discrimination: Consistent with international obligations, there will be no protectionism, subsidies or premiums on price.

Full, Fair and Reasonable Access: The Government's purchasing processes will be open, clear and accountable. Strong ethical work and business practices will be supported and competition will be full, fair and transparent.

Business Development: Capability and capacity will be enhanced through business growth and development and businesses will be encouraged to enter into joint ventures, consortia and networks to strengthen competitiveness.

Indigenous Economic Development: The Government will work in partnership with project proponents, developers and contractors to identify and create opportunities for Indigenous economic development.

Regional Development: All project proponents, developers and their contractors will be encouraged to maximise opportunities for regional development, including establishing locally based operations and workforce where possible.

Australian Standards: The use of appropriate or equivalent Australian Standards for all project elements will be supported. The engagement of local planners, designers, architects, engineers and project managers will be strongly encouraged.

Evaluation and Monitoring: The Government is committed to evaluating and monitoring the effectiveness of Capital Metro Industry Participation through the objectives established in the subsequent participation plan.

8 Capital Metro Industry Participation

The ACT Government has a commitment to provide competitive businesses the opportunity to participate in the future growth of Canberra and the surrounding region. This commitment will focus on building business, industry and community capability through capacity building, education and training.

The ACT Government acknowledges that major projects will be vital to the further development of a vibrant economy. In particular, the Government is committed to maximising the opportunities for inclusion of local content. In the case of Capital Metro, this will include the requirement for project proponents to prepare a statement of their commitment to local participation through an Industry Participation Plan.

Following the endorsement of this policy, an Industry Participation Plan will be developed for Capital Metro. This plan will provide the direction for all ensuing project activities and will set a platform for tendering proponents to match in demonstrating their plans for local industry participation.

These initiatives, together with Government procurement and a partnership with the Industry Capability Network ACT (ICN ACT) and local education service providers are central to the Government's commitment to local participation.

9 Steps to deliver a Participation Plan

The following steps will be undertaken to flesh out a robust Local Industry Participation plan that will be applied to Capital Metro Stage 1.

9.1 Full assessment of jobs created

Capital Metro is working with EY, the project's economic advisers to undertake a full investigation that will produce a Capital Metro job forecast. This will include:

- High level job figures
- A cumulative construction job figure
- A forward forecast across a long term horizon
- A meaningful breakdown of job types created or supported that can assist in pre-employment and education planning

9.2 Assessment of current local capability

Assessment of local capability is underway to allow for planning around:

- Matching industry skills with those required by the project
- Identifying gaps that can be managed through forward education planning
- Opportunities for specific workforce groups to be managed between peaks (such as the civil component of the Majura Parkway workforce that may be utilised on Capital Metro)

9.3 Cross-government coordination

A working group has been initiated to provide ongoing guidance and support for this process. This group will invariably change over time as the best resources are identified and different stages are reached. This group was formed in cooperation with the Director's General for each of the relevant directorates.

In addition to the discussions within this group, Capital Metro is also working with the following ACT Government Directorates to align with existing policies and workforce and industry development programs:

- Education Training Division (ETD) on their assessment of the local workforce, their priority education programs and the collective opportunity to build new capability

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- Economic Development Directorate on their industry development policies and initiatives
- Community Services Directorate regarding their policies and programs that support disadvantaged groups that may contain opportunities related to capital metro
- Health Directorate to consider how delivery and operation of the light rail will help to encourage a more healthy and active lifestyle in the ACT
- Shared Services on their approach to procurement and specifically ways in which local industry can be supported in tendering for Capital Metro work.

9.4 Industry consultation and comparison

Capital Metro will partner with other parts of the ACT Government to consult with local industry in a strategic manner. This consultation will include the following:

- Targeted meetings with peak industry body leaders (including all relevant unions and regulators) in Canberra and the relevant surrounding regions
- Benchmarking with similar plans and policies across Australia and New Zealand
- Peer review through similar project teams.

9.5 Scope and engagement of expert resources

As the policy is refined and the ongoing plan is developed, Capital Metro is scoping the ongoing resourcing to support Local Industry Participation. This program will require dedicated resourcing that can focus solely on connecting the project with industry, education providers, relevant government departments and the highest value opportunities. This resourcing will be determined and be at least partially in place by mid-2014 to initiate the long lead time initiatives (such as education product development, industry briefing and registration processes).

Capital Metro has also engaged with an expert consultant to help guide initial planning for Local Industry Participation. This body of work includes:

- A demonstration of what's possible and what has been learnt through large projects such as Cross Rail, the London Olympics and Northwest Rail in Sydney
- Review and guidance of initial policy and plan documents
- Support in scoping ongoing resourcing.

9.6 Timeline

In the context of the wider Capital Metro project timings, the following milestones will apply to Local Industry Participation:

- Draft policy shared with the working group for feedback – completed
- Draft policy shared with the project board – completed
- Statistical analysis through EY has been delivered and released
- Draft policy refined and sent to Cabinet for review and approval – completed
- Following endorsement of the policy, Capital Metro will commence development of the full plan, including the engagement of the required resources and commencing work with education providers on potential offerings
- Consultation with industry representatives as part of plan development from July 2014
- Discuss the approach at an industry briefing – completed
- The full plan will be developed through a similar draft and review process and will be completed by the first quarter of 2015.

9.7 Key elements of an Industry Participation Plan

The Capital Metro Local Industry Participation Plan will align to the standardised structure outlined below.

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Element	Description
1) Project description	a) An outline of the project and its estimated value b) An outline of the ACT Industry component.
2) How services, suppliers and labour will be utilised	Will include an outline of: <ul style="list-style-type: none"> • what goods or services will be required • what goods or services industry can tender for • prequalification and tender criteria • opportunities for local participation through all tiers of the supply chain (ie include potential sub-contractors) • estimated local employment during construction and operation • proposed workforce operation in the ACT.
3) Enhancements to business and industry capability	Will include an outline of proposed: <ul style="list-style-type: none"> • skills development • research and development • opportunities for networks and alliances • encouragement of international quality standards • use of proven emerging technologies and materials • integration of local industry into supply chains.
4) Regional economic development benefits	Will include an outline of: <ul style="list-style-type: none"> • the estimated impact of the project on the immediate region • specific proposals to maximise regional involvement.
5) Proposals for priority participation	Will include: <ul style="list-style-type: none"> • an outline of specific plans to maximise participation from high priority groups and associated targets.
6) Communication strategy	This plan will: <ul style="list-style-type: none"> • Outline how Capital Metro will engage with government and industry experts to determine the best approach to producing and delivering the plan • outline how the proponent will inform local industry about particular opportunities • outline opportunities for information sharing between major industry players and local suppliers during the planning and tendering phases • include structural tender documents to ensure that local suppliers are provided the same opportunity as existing supply chain partners to participate in the project.

Element	Description
7) Reporting methodology	<p>This should include an overview of reporting commitments and mechanisms, including:</p> <ul style="list-style-type: none"> • a proposed framework for reporting against key elements of the Industry Participation Plan • a schedule of report submissions.

Note: Other elements may be included where they may provide extra benefit or clarity for the local environment.

10 How should an Industry Participation Plan operate?

An Industry Participation Plan should address how full, fair and reasonable opportunity for local businesses, industry and labour will be provided. It should apply to all stages of a project, including planning, design, initiation, development, tendering, construction, operation and, where appropriate, rehabilitation. It should also include all tiers of the supply chain, including subcontractors and suppliers.

An Industry Participation Plan should be developed in line with the ACT's national and international obligations, including the Australian Industry Participation Framework (AIPF) and the ANZGPA. See Appendix A for further information.

10.1 How will the plan be funded?

The costs of the Capital Local Industry Participation Plan will be met through a combination of internal project funding and potential contributions received through local and federal government employment and educational grants. Applicable grants will be identified and pursued in cooperation with the local ICN representatives. Initiatives such as the Supplier Access to Major Projects (SAMP) program will be targeted by Capital Metro as a means of using expert resources to help guide development of the plan and its later delivery. See Appendix A for further information.

11 Opportunities for ACT suppliers and service providers

The Local Industry Participation Plan (LIPP) will outline a registration system that will enable local businesses to register their details and capabilities as they relate to the project. A collaborative decision will be made through the development of the plan that will confirm whether the registration will occur directly with the project or, for example, with ICN ACT.

In order to maximise competitiveness, ACT businesses are also encouraged to:

- increase knowledge of pre-qualification requirements
- match client perceptions of value through international and/or Australian quality and standards accreditation, a trained skilled workforce and quality control of product manufacture
- commit to achieving recognised accredited standards in workplace safety, industrial relations and environmental policies
- develop or acquire the capability and knowledge to meet the needs of projects in the ACT
- apply best practice approaches in employing, training and retaining employees from disadvantaged groups and securing joint venture opportunities with these groups, where available.

11.1 ACT Government support of Small Medium Enterprises (SME)

The ACT Government wants to support Small Medium Enterprises SMEs in Canberra and our region through its purchasing decisions. To recognise the importance of local SMEs, the ACT Government has



introduced a new evaluation criterion for goods and services tenders that puts a weighting against whether the tenderer is a regional SME or the extent to which work will be subcontracted to regional SMEs. This framework will be reflected in the Local Industry Participation Plan. See more detail in Appendix A.

12 Training and employment

The ACT has a wealth of high calibre and targeted training and development providers. In developing the full plan, Capital Metro will work with the Education and Training Directorate to engage with the relevant providers to scope opportunities and deliver associated actions.

13 Business development programs

The Economic Development Directorate oversees a number of business development programs of relevance to this policy. This directorate will be engaged to understand collaborative opportunities for the LIPP.

Further details of these initiatives can be found here:

<http://www.business.act.gov.au/home>

14 Appendix A

14.1 Reference documents

14.1.1 National and international frameworks

Capital Metro Industry Participation will recognise the ACT's national and international obligations, including the Australian Industry Participation Framework (AIPF) and the Australia New Zealand Government Procurement Agreement (ANZGPA).

Capital Metro Industry Participation has also been influenced by various other international and national policy initiatives. The ACT Government monitors and provides input into these policy initiatives which include:

- The World Trade Organisation (WTO)
- Australian National Competition Policy and other Commonwealth Legislation
- Other treaties and trade agreements.

14.1.2 ACT local SME Policy

Capital Metro Industry Participation will recognise align with the ACT local SME policy as detailed here:

http://www.business.act.gov.au/business_advice/grow_your_business/government_procurement_and_tenders

14.1.3 Australian Industry Participation Framework

The AIPF has been signed by Australia's Industry Ministers and gives effect to their commitment to provide Australian industry will full, fair and reasonable opportunity to actively participate in investment projects.

The framework encourages all spheres of government to adopt a coordinated approach to maximising Australian industry participation in investment projects, both in Australia and overseas. Information about various policies and programs is available in the Federal Government's Australian Industry Participation website at <http://www.aip.gov.au>

14.1.4 Australia New Zealand Government Procurement Agreement

The objectives of the ANZGPA are to create and maintain a single Australia New Zealand government procurement market to maximise opportunities for competitive Australia New Zealand suppliers and to reduce costs of doing business for both government and industry.

Further details are available at <http://www.apcc.gov.au>

14.1.5 ACT Government Business Development Strategy

There are a number of initiatives in delivery under the SACT Government that will be investigated as opportunities under the Local Industry Participation Plan. This includes but is not limited to:

14.1.6 Supplier Access to Major Projects (SAMP)

Supplier Access to Major Projects (SAMP) saves companies time and money. It provides funds for the state-based Industry Capability Network (ICN) to work with project developers to identify supply opportunities for capable and competitive Australian companies. SAMP seeks to increase opportunities for Australian industry, especially small and medium enterprises (SMEs) to participate in major projects and increase access to global supply markets for major projects. The Industry Capability Network Limited (ICNL) administers SAMP on behalf of the Australian Government.

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14.1.7 Enhanced Project By-Law Scheme (EPBS)

AusIndustry has responsibility for administering the EPBS. Project proponents seeking import duty concessions for eligible goods can lodge an application with AusIndustry. If the application and subsequent Implementation Report satisfies the Policy and Administrative Guidelines, including development and implementation of a satisfactory Australian Industry Participation Plan, AusIndustry will issue a determination to allow duty concessions on imports of eligible goods to be used in the project.

Further details are available at <http://www.ausindustry.gov.au>

14.1.8 Growth, Diversification and Jobs - A Business Development Strategy for the Act

Capital Metro's work with industry will recognise and aim to enhance the business development strategy for the ACT as outlined here:

http://www.business.act.gov.au/resources_and_networks/business_development_strategy/business_development_strategy#principles

14.1.9 Engagement with NSW Local Councils

The ACT has long recognised the need to engage with the surrounding NSW local councils through forums such as the South East Regional Organisations of Councils (SEROC), and direct engagement with Local Councils such as Queanbeyan City Council.

In May 2012, the ACT Government became a formal member of SEROC, having previously held observer status. Recognised through a MoU, the ACT Government's membership acknowledges the important relationship with the surrounding South East NSW Region. The objectives of SEROC include:

- advancing the interests of the region;
- promoting regional sustainability;
- developing regional cooperation and resource sharing; and
- facilitating regional planning.

There are mutual benefits for the communities of the ACT and South East NSW, and SEROC provides the obvious platform to collectively pursue these benefits.

<http://www.cmd.act.gov.au/policystrategic/regional/local>

14.1.10 ACT Government Tendering Guide

This policy and further work on the full plan will be aligned with the existing ACT Government Procurement Guide. This guide can be found here:

http://www.procurement.act.gov.au/_data/assets/pdf_file/0004/121468/Tendering_Guide_-_V_1_5_17_May_2012.pdf