

Queensland Charter for Local Content

Opening opportunities for industry

Tenderers' Guidelines to the Statement of Intent

August 2015

The Department of State Development

The Department of State Development exists to drive the economic development of Queensland.

The department brings together the functions of the Coordinator-General, economic and regional development, major project delivery, and government land management into a strong central agency.

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Note

The Department of State Development (DSD) is available to assist tenderers with any questions they may have regarding:

- the Queensland Charter for Local Content
- the development of a Statement of Intent
- the support programs which may assist in meeting the objectives of this charter
- how tenderers intend to provide local industry with full, fair and reasonable opportunity.

Copies of the charter and supporting documents and templates are available at www.statedevelopment.qld.gov.au/local-content

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1. Introduction

1.1 To the charter

The Queensland Charter for Local Content (the charter) provides a framework for encouraging government agencies and tenderers to apply best practice in local content procurement while minimising the compliance burden on government agencies¹ and contractors and ensuring full, fair and reasonable opportunity for local suppliers.

The charter has the core objective of maximising local content through greater participation of capable local industry in major government procurement activities. In addition, other objectives of the charter are:

- encouraging more effective and adaptive approaches to maximising local content
- applying greater transparency in the expenditure of government funds
- providing greater certainty in the engagement of local content
- adopting an efficient and effective tracking and review process for local content outcomes.

The charter does not mandate that government agencies must use local suppliers; rather it is about providing a mechanism for government agencies to be able to effectively and efficiently give consideration to a wide range of potential suppliers when making procurement decisions.

1.2 To these guidelines

These guidelines aim to assist tenderers to complete a Statement of Intent (SOI) and address the principles of the Queensland Charter for Local Content. The SOI will assist government agencies to consider how tenderers will support local industry involvement in major procurement. These guidelines should be read in association with the charter.

DSD is responsible for administrative oversight of the charter, provides advisory services for proponents and facilitates industry development support to assist suppliers to improve their capability and capacity to effectively tender for government projects, where the market does not otherwise provide these services.

¹ In accordance with the *Australia and New Zealand Government Procurement Agreement*, government agencies include departments, statutory authorities and special purpose vehicles.

2. Purpose of the Statement of Intent

The charter has adopted five principles to promote industry capability and maximise local industry participation in eligible Queensland Government procurement.

In the case of projects of strategic significance, the proponent may ask prospective tenderers to complete a Statement of Intent (SOI). The purpose of an SOI is to assist government agencies to evaluate how local content opportunities will be identified and addressed by tenderers, in line with the principles of the charter.

The SOI also allows government agencies to capture the commitments of tenderers in a form which may be used as the basis for the contractual obligations of the successful tenderer.

3. Addressing the principles in the Statement of Intent

The charter seeks to promote industry capability and maximise local industry participation in major procurement opportunities. The following principles underpin the policy.

Principle 1 Full, fair and reasonable opportunity

Tenderers are encouraged to maximise local industry participation in major procurement opportunities by providing local industry with full, fair and reasonable opportunity to tender.

The principle of full, fair and reasonable opportunity can be achieved by:

- considering the project's whole-of-life from design to completion and ongoing maintenance
- ensuring at the tender preparation stage that tenders are packaged in a manner that optimises local industry opportunities while enhancing project competitiveness and value for money
- undertaking a supply market analysis to identify potential local suppliers
- using Australia and New Zealand (ANZ) standards and codes 'or equivalent' in the formulation of specifications, tenders and the letting of contracts, wherever it is practicable to do so
- providing early notice to the market of a planned upcoming major procurement
- encouraging sub-contractors to support and report against the charter principles
- using the services of local content specialists such as Industry Capability Network Queensland (ICN Qld) and supporting the use of these specialists by sub-contractors.

Principle 2 Value for money

Government agencies are encouraged to apply the principle of achieving value for money in government procurement as described in the *Queensland Procurement Policy*.

Value for money is defined as giving consideration to more than price alone. It requires an assessment of cost and non-cost factors as well as the overall aims of government, the procurement, the category and the outcomes being sought.

To this end, tenderers are encouraged to consider the case for unbundling of projects to:

- achieve better value for money outcomes and competition in the market
- increase the number of eligible bids
- gain cost savings through accessing innovative, capable and competitive solutions.

In addition, tenderers should consider value for money on a whole-of-life basis including:

- technical quality
- proximity to project site
- ease of communication
- access to a technologically literate and skilled workforce
- after-delivery support and maintenance.

Principle 3 Regional and industry development

Tenderers are encouraged to work in partnership with regional communities to develop industry capability and capacity, and secure broader societal benefits, as appropriate.

To better enable regional industries to gain every opportunity to achieve maximum benefit from a major procurement opportunity, tenderers may wish to consider:

- holding a public briefing which will provide timely information to regional business and industry on the services, material supplies and commercial support requirements of a major procurement during its various phases
- cooperating with the regional economic development bodies to facilitate the communication of the procurement and logistics requirements for goods, services, and commercial support between the project contractors and suppliers
- ensuring that procurement requirements are advertised in local media to provide timely and equitable access to supply opportunities
- giving consideration to local joint ventures who bid on tender packages
- encouraging sub-contractors to maximise the use of local business when contracts are awarded outside the region
- identifying opportunities for local industry innovation
- working with sub-contractors to identify all opportunities for local value-add.

DSD's Regional Services are available to support these activities.

Principle 4 Transparency of process

The *Queensland Procurement Policy* requires that all stages of the procurement decision making process from planning to award and contract management are defensible and documented. Accordingly, Queensland Government agencies have built transparency into their local content policies, processes and criteria to ensure clarity.

One way for tenderers to support transparency is through the provision of early visibility of project opportunities. This could include public briefings covering the following topics:

- the separate packages of goods and services that are proposed to go out to tender
- the requirements local suppliers must demonstrate when bidding for work
- opportunities to form local alliances in tendering for goods and services
- training opportunities for subcontractors on the preparation of bids
- additional support mechanisms available through ICN Qld and government agencies.

Principle 5 Compliance with international obligations

Government agencies are to comply with Australia's international obligations, including those under free trade agreements.

Queensland is currently a party to three international agreements which impact on procurement:

- Australia-New Zealand Government Procurement Agreement (ANZGPA)
- Australia-United States Free Trade Agreement (AUSFTA)
- Australia-Chile Free Trade Agreement (ACI-FTA).

The objective of the ANZGPA is to create and maintain a single ANZ government procurement market in order to maximise opportunities for competitive ANZ suppliers and reduce the cost of doing business for both government and industry.

Compliance with the ANZGPA fosters competitiveness and provides local suppliers with access to the full economic benefits associated with major projects and other market opportunities throughout Australia and New Zealand.

The fundamental objective of the AUSFTA and ACI-FTA is the same as the ANZGPA, in creating an environment of non-discrimination against suppliers from trading partners and opening up access to overseas markets for Queensland suppliers.

4. Reviewing local content outcomes

Government agencies are responsible for demonstrating their delivery of the charter principles and the local participation outcomes of projects they deliver or sponsor.

An annual review of local content in government procurement will be undertaken by DSD. The purpose of the review is to ensure that the charter achieves its objectives and provides baseline data on the level of local content in Queensland Government procurement.

To enable relevant data to be captured, local content reporting requirements are placed in contracts with terms stipulated by proponents. In addressing the SOI, tenderers should outline how they will ensure reporting requirements will be passed on to subcontractors.

The following support documents are available at www.statedevelopment.qld.gov.au/local-content:

- Statement of Intent template
- Project Outcome Reporting template.

Abbreviations

ACI-FTA	Australia-Chile Free Trade Agreement
ANZ	Australia and New Zealand
ANZGPA	Australia-New Zealand Government Procurement Agreement
AUSFTA	Australia-United States Free Trade Agreement
DSD	Department of State Development
ICN Qld	Industry Capability Network Queensland, a Division of QMI Solutions
SME	Small and medium-sized enterprise
SOI	Statement of Intent

Glossary

Government agency	Government agencies including departments, statutory authorities and special purpose vehicles where they are the proponents of any infrastructure or other projects funded by the state government with a value greater than \$5 million, including projects funded by government grants or \$2.5 million in regional Queensland.
Full, fair and reasonable opportunity	<p>The provision of equitable opportunity for capable local industry to participate in the procurement activity by ensuring:</p> <ul style="list-style-type: none"> • Full: Local industry has the same opportunity as other potential suppliers to participate in all aspects of a project from design through to completion, in all supply and ongoing maintenance. • Fair: Local industry is provided the same opportunity as other potential suppliers to compete for investment projects and other market based contracts on an equal and transparent basis. • Reasonable: Tenders are free from any unreasonable specifications or requirements that could rule out local industry and are structured in such a way as to provide local industry the opportunity to participate. <p>This definition is consistent with the Australian Industry Participation National Framework.</p>
Goods and services	Includes goods alone, services alone or goods and services conjointly and includes construction and related services.
ICN Qld	Part of the national ICN network which aims to identify products, services and capabilities to assist our clients in the acquisition of goods and/or services to replace imports and retain opportunities for local industry. ICN Qld's office is located in Brisbane.
Local content	Comprises components, material and services that are procured from a local source for a given project.
Local industry	Defined as an Australian or New Zealand small and medium-sized enterprise (SME).
Procurement	Procurement is the entire process by which all classes of resources (human, material, facilities and services) are obtained. This can include the functions of planning, design, standards determination, specification writing, selection of suppliers, financing, contract administration, disposals and other related functions.

Project	<p>A project is a temporary activity designed to produce a unique product, service or result. A project is temporary in that it has a defined beginning and end in time and defined scope and resources.</p> <p>And a project is unique in that it is not a routine operation, but a specific set of operations designed to accomplish a singular goal. The development of software for an improved business process, the construction of a building or bridge, the relief effort after a natural disaster—all are projects.</p>
Project proponent	<ul style="list-style-type: none"> • The government agency responsible for funding and delivery of a project, including through a grant. • The private sector business entity that enters into a formal undertaking with the Queensland Government for a grant for an eligible project. • The entity that enters into a formal undertaking with the Queensland Government for a significant Queensland Government contribution for an eligible project.
Small and medium-sized enterprise (SME)	An Australian or New Zealand firm with fewer than 200 full time equivalent employees.
Statement of Intent	A statement of how the project proponent intends to encourage local industry involvement in the project. Each plan should detail the level of local industry participation expected in projects and the benefits that would flow to Queensland in industry development, technology transfer, job creation and skills development.
Suppliers	Those members of the supply/value chain that provide goods and/or services to a procurement.
Supply market analysis	A technique used to identify market characteristics for specific goods or services. It provides information that is critical to developing effective procurement strategies, in the context of planning for significant procurement.
Tenderer	Anyone making a formal offer in response to a tender to supply specified goods or services at a stated rate.
Value-add	Refers to the substantial transformation of goods and a minimum of 50 per cent of production costs incurred in Queensland, Australia and/or New Zealand. Project proponents should note the principles of Part V of the <i>Australian Made, Australian Grown Logo Code of Practice July 2011</i> .
Value for money	<p>Is as defined in the <i>Queensland Procurement Policy</i> and is not restricted to price alone. The policy requires that the following factors be considered when assessing value for money:</p> <ul style="list-style-type: none"> • overall objective of the procurement and outcome being sought • cost-related factors including up-front price, whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal • non-cost factors such as fitness for purpose, quality, delivery, service, support and sustainability impacts.

Resources

The Queensland Charter for Local Content Project Outcome Report Template is available at:

www.statedevelopment.qld.gov.au/local-content

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