



# CANBERRA REGION

## LOCAL INDUSTRY PARTICIPATION POLICY



**ACT**  
Government



Revision History

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Note: The current version of this document is on the Procurement ACT website. Printed copies may be out of date; please check before using.

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## Definitions

CMTEDD	The Chief Minister, Treasury and Economic Development Directorate
Canberra Region	the area comprising the Australian Capital Territory and the Bombala, Boorowa, Cooma-Monaro, Eurobodalla, Goulburn-Mulwaree, Harden, Palerang, Queanbeyan, Snowy River, Upper Lachlan, Yass Valley and Young shires (as at the date of the Policy).
ECT	Economic Contribution Test
Economic Development (ED)	that part of CMTEDD which has responsibility for procurement and business development.
Full, Fair and Reasonable	<p>In the term ‘full, fair and reasonable’ these words have the following meanings:</p> <p>Full: local businesses 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.</p> <p>Fair: local businesses are provided the same opportunity as global respondents to compete for contracts on an equal and transparent basis, including being given adequate time in which to tender.</p> <p>Reasonable: Subject to any explicit requirement of the head contract, requests for a procurement are free from technical requirements that might rule out local businesses and are structured in such a way that they do not preclude local businesses from the opportunity to participate in projects and compete for contracts. When technical specifications are being prepared for contracts, International Standards are to be used where they exist where a procurement would be a “covered procurement” (in order to comply with international trade agreements), else Australian Standards, or standards regularly used in Australia, should be used to ensure that local tenderers are not ‘designed out’ of the contract.</p>
GPA	<i>Government Procurement Act 2001 (ACT)</i>
Invitation to bid	includes a request for proposal, request for tender, request for quotation, expression of interest or any other approach to the market by a Territory Entity for the purpose of a procurement (including the establishment of a panel) for goods , services or works.
Innovate Canberra	A business unit within Economic Development, that provides a range of programs and support to the business community.

LIA	Local Industry Advocate.
Local	Located within the Canberra Region, recognising constraints on application arising from the Territory's participation in inter-jurisdictional procurement and trade agreements.
Local IP Plan	Canberra Region Local Industry Participation Plan
LIPP	Local Industry Participation Policy
PCW	Procurement and Capital Works, which is a business unit within Economic Development that provides procurement-related services to Territory Entities.
Respondent	A contractor, supplier, bidder, tenderer, vendor or any other entity who responds to an invitation to bid.
Respondent Guidelines	Local Industry Participation Policy –Respondent Guidelines
SME or Small-to-Medium Enterprises	are defined by the Australian Bureau of Statistics (ABS) as businesses employing less than 200 people, or in accordance with the ABS Estimated Value of Agricultural Operations.
Territory	when used in a geographical sense means the Australian Capital Territory and when used in any other sense means the body politic established by section 7 of the <i>Australian Capital Territory (Self-Government) Act 1988</i> (Cth).
Territory Entity	has the same meaning as set out in the <i>Government Procurement Act 2001</i> (ACT) and includes administrative units (essentially each of the Territory's Directorates) and some Territory s authorities established under Acts
Territory Entity Guidelines	Local Industry Participation Policy –Territory Entity Guidelines
Value for Money	<p>Has the same meaning as set out in the <i>Government Procurement Act 2001</i>; that is the best available procurement outcome.</p> <p>In pursuing value for money Territory Entities must have regard to the following:</p> <ul style="list-style-type: none"> <li>• Probity and ethical behaviour</li> <li>• Management of risk</li> <li>• Open and effective competition</li> <li>• Optimising whole of life costs</li> <li>• Anything else prescribed by legislation</li> </ul>



# Canberra Region Local Industry Participation Policy

The ACT Government is committed to ensuring competitive local businesses are given every opportunity to compete for government contracts.

Accordingly, the Canberra Region Local Industry Participation Policy (LIPP) is being implemented by Territory Entities to support this endeavour. The ACT Government recognises that, in turn, this will encourage competitive local businesses to grow and develop their capabilities, and ultimately support more local jobs.

The LIPP also supports local businesses playing a stronger role in larger government procurement as prime contractors. We see major procurements as a means to develop this capability locally, as well as participating as partners, collaborators, joint-ventures and subcontractors.

The LIPP aims to promote the development and growth of the broader Canberra Region economy. We acknowledge the importance of the Canberra Region and its intrinsic economic links with the ACT. The ACT is uniquely placed to support the development of the surrounding region. The ACT Government is committed to working with Canberra's regional partners through the Canberra Region Joint Organisation (CBRJO) and the NSW Government, under the ACT-NSW MoU for Regional Collaboration to strengthen and grow the broader Canberra Region economy.

The ACT Government will continue to work with local businesses across the Canberra Region to promote innovation, flexibility and best practice and ensure that employment, training and skills development programs are aligned to industry requirements.

This document provides an overview of the principles and objectives of the LIPP and guidance for both Territory Entities and respondents in applying the LIPP to relevant procurement projects.

Draft guidelines will be provided to industry for consultation at the same time this policy is introduced. Companion guidelines will also be introduced for Territory Entities.

Due to the unique nature of specific sectors and the different procurement opportunities presented by government, additional sector specific guidance notes will be developed for the Community Services, ICT and Building and Construction sectors. These will be made available on the procurement website [www.procurement.act.gov.au](http://www.procurement.act.gov.au).

## Objective and Principles of LIPP

The objective of the LIPP is to ensure that competitive local businesses, including SMEs, are given every opportunity to respond to procurement opportunities offered by the ACT Government.

The LIPP is based on the following principles:

- A Territory Entity must pursue value for money in undertaking its procurement activities.
- No discrimination: Consistent with national and international agreements and procurement policies, providing unbiased and equal access to government procurement opportunities to all respondents.
- Enhancing opportunities for local businesses.

The LIPP requires Territory Entities to consider local capability and take into account the broader economic benefits for the Canberra Region as part of determining the best available procurement outcome. Broader economic benefits can arise from:

- increasing market awareness of local industry capability.
- stimulating business innovation.
- supporting improvement in business capability.
- retention and expansion of economic activity in the Canberra Region.
- value-adding in important capability building areas such as apprenticeships and other workforce up-skilling outcomes.

## Policy Scope and Commencement

The LIPP applies to procurements of the ACT Government covered by the *Government Procurement Act 2001* (GPA). For clarity, it includes the following activities:

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

The LIPP is consistent with the Territory's national and international obligations including the Australian Industry Participation Framework (AIPF) and the Australia and New Zealand Government Procurement Agreement (ANZGPA). Consistent with these agreements, the LIPP provides equal and transparent access to government procurement opportunities to all respondents regardless of place of origin.

This policy is aligned with the ACT Government's broader procurement agenda and works in conjunction with other procurement policies and programs such as the Indigenous Procurement Policy (under development), Sustainable Procurement Policy, Social Procurement Policy, and the Small Business Innovation Partnerships Program.

The LIPP supersedes the Territory's small medium enterprise (SME) policy, introduced on 1 July 2013. The LIPP has been developed to enhance the opportunities available to SMEs and local businesses.

The LIPP will be implemented from 1 January 2017 for new procurements. Prior to this date, there will be an education program for industry and government.

# Application of LIPP to Procurement Activities

## Territory Entity Planning and Communication

One of the most important factors to enhance local business participation in government procurement is effective communication between potential respondents and Territory Entities. Accordingly, the following approaches will apply.

## Annual Procurement Plans

Directorates' Annual Procurement Plans provide greater certainty for industry, allowing businesses to invest with more confidence in workforce skills, capital assets and business systems. Directorates' Annual Procurement Plans will be published on the Government's Tenders ACT section of the Procurement website [www.tenders.act.gov.au](http://www.tenders.act.gov.au). This website provides information to respondents on ACT Government tendering opportunities. It is important, however, that industry recognise Annual Procurement Plans are forecasts which can be subject to change.

## Planning

Early procurement planning by Territory Entities will be a requirement. This approach is likely to identify opportunities to package procurement activities to make them more accessible for SMEs. It may also provide local supply chains the time to organise and collaborate to provide end to end solutions. As part of procurement planning Territory Entities (with the support of Procurement and Capital Works (PCW)) will communicate with peak industry groups such as the Canberra Business Chamber as well as sector based groups such as the MBA, CollabIT, and ACTCOSS.

## Advance notice of tenders

Advance notice of procurement intent gives respondents the opportunity to plan their activities to ensure they have the appropriate capability and capacity to undertake future work. Territory Entities will provide advance notice of future procurement opportunities wherever possible. The Tenders ACT section of the Procurement website includes an option to search for future tenders.

The Call Tender Schedule on the Procurement website also provides information about forthcoming capital works tenders.

## Provision of pre-procurement briefings

The ability to hear about, and ask questions on, specific procurement requirements give respondents opportunities to better plan their responses, thus increasing their chances of success. Territory Entities should provide pre-procurement briefings for relevant procurement activity.

## Providing Feedback to respondents

The ability of respondents to successfully respond to invitations to bid for ACT Government work may be improved by suitable and timely feedback on unsuccessful attempts. As a result, Territory Entities will actively promote debriefing opportunities to unsuccessful respondents with the aim of enhancing their capacity to submit future bids that are more competitive.



## The LIPP Requirements

The LIPP requirements will be stated at the initial invitation stage of a procurement process.

The LIPP is implemented through a tiered structure based on procurement value thresholds to ensure the costs of compliance are appropriate to the opportunity of the procurement, thereby minimising red tape for business and government.

- For procurements less than \$25,000, there are no specific requirements for business. However, Territory Entities will use local businesses wherever possible.
- For procurements between \$25,000 and less than \$200,000 (GST inclusive), Territory Entities must (unless an exemption is obtained) seek at least three written quotations in accordance with the *Government Procurement Regulation 2007 (ACT)*. Where three written quotations are sought a Territory Entity will, where possible, seek at least one quote from a business located in the Canberra Region and another quote from an SME.
- For procurements of \$200,000 or more and less than \$5million (GST inclusive), respondents will be required to complete and lodge an Economic Contribution Test (ECT) with their response to an invitation to bid.
- For procurements with an estimated value of \$5 million and above (GST inclusive), respondents will be required to submit a Local Industry Participation (IP) Plan.

The industry participation requirements for ACT Government procurements are summarised in the table below.

**Table 1: LIPP Requirements for ACT Government Procurement (Summary)**

Category	Procurement requirement	LIPP requirement
Contract value is <\$25,000	Minimum of 1 oral quote	None
Contract value is between \$25,000 and \$200,000	A minimum of 3 written quotes must be sought (unless an exemption is obtained).	Where possible:  (1) one quote must be sought from a respondent located in the Canberra Region; and  (2) one quote must be sought from an SME.
Contract value is \$200,000 or more and under \$5 million	Public tender (unless an exemption is obtained)	ECT must be completed/submitted. Assessment of the same will be allocated a default 10% weighting in evaluation process
Contract value is \$5 million or more	Public tender (unless an exemption is obtained)	Submission of a Local IP Plan is mandatory. Assessment of the same will be allocated a default 10% weighting in evaluation process.

## Economic Contribution Test

The purpose of the ECT is to assess the potential economic benefit for the Canberra Region resulting from procurement contracts between and including \$200,000 and under \$5 million (GST inclusive). The ECT must be completed and will be given a 10 per cent default weighting as a component of the overall evaluation criteria. The weighting may be increased at the discretion of the Territory Entity.

The ECT requires the respondent to provide as part of its response to an invitation to bid, information on how its proposal and business contribute to economic benefit of the Canberra Region through the following:

- current business presence in the Canberra Region, including relevant capital investment history and/or new commitments.
- how the respondent will identify and consider products and capabilities provided by local businesses.
- the estimated number of labour hours associated with the primary contract and the labour hours of local subcontractors within the primary contract.
- additional undertakings by the respondent to benefit the Canberra Region knowledge economy. (e.g., partnerships with universities, region headquartering, training investments).
- approach to workforce skilling and local skills transfer (e.g., through supply chain or local subcontractors).

Working with relevant industry associations, the ACT Government may establish one or more prequalification schemes for the purposes of the LIPP. The purpose of these schemes is to reduce the administrative burden for business and public sector. The schemes will provide the pre-assessment of components of a respondent's ECT which are not project specific. This process may be developed in conjunction with existing prequalification schemes managed by the ACT Government. Any prequalification scheme would be reviewed regularly as part of the LIPP review.

## Local Industry Participation Plans - \$5 million and above

For procurements with a total estimated value of \$5 million and above (GST inclusive), submission of a Local IP Plan is mandatory.

The Local IP Plan is a document that outlines the respondent's level of commitment to using local content and/or local businesses and how the respondent's proposal and business contributes positively to the economic benefits of the Canberra Region.

Consideration of a respondent's Local IP Plan will assist the ACT Government in ensuring local businesses are given a full, fair and reasonable opportunity to be considered for significant contracts.

Each Local IP 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. However, typically it should include:

- current business presence in the Canberra region and/or and any new commitment including

relevant capital investment history.

- the number of newly created and existing local jobs retained, including apprenticeships/traineeships directly linked to the contract.
- estimate of the level of local value-added activities (local content).
- how the respondent will identify and consider products and capabilities provided by local businesses including joint-ventures, partnerships, collaborations with local industry.
- the value of capital investment in the Canberra Region directly linked to the contract.
- past performance of the respondent in meeting Local IP Plan commitments.
- additional undertakings by the business that support economic growth in the Canberra region knowledge economy (e.g., partnerships with universities, region headquartering, training investments).
- approach to workforce skilling and local skills transfer (e.g., through supply chain or local subcontractors).

## Compliance

All Territory Entities are required to include a statement in their annual reports on the outcomes of their LIPP procurement activities. PCW will be responsible for reporting on Local IP Plans relating to contracts it manages on behalf of Territory Entities.

Successful respondents are required to support the monitoring and reporting process by fulfilling their contractual obligations to provide details on the outcomes achieved in the delivery of a contract. Failure of contractors to comply, in part or in whole, with the LIPP and the commitments in their Local IP Plans will be a factor that will be taken into account in the award of future contracts by the ACT Government. Provision of Local IP Plan reports will be a condition for final payment on contracts.

Detailed information on the roles and responsibilities of Territory Entities and respondents in the monitoring and reporting process will be included in the Respondent Guidelines and Territory Entity Guidelines.

## Monitoring and Reporting

### ECT

In order to minimise red tape for business, there are no reporting requirements against the ECT for successful respondents. However, Territory Entities are required to report on the LIPP outcomes annually. More details can be found in the Territory Entity Guidelines.

### Local IP Plans

Reporting on Local IP Plan outcomes will be a contractual obligation for successful respondents throughout the duration of their contract. This contractual reporting will also apply to Public-Private Partnerships. Requirements, including frequency of reporting, will be negotiated between the Territory Entity and/or PCW and the successful respondent during contract award.

Once a project has been completed, the successful respondent must submit to the Territory Entity a completed Local IP Report, which sets out its level of compliance with the commitments set out in

the Local IP Plan and is accompanied with a statutory declaration stating the information provided in the monitoring table (which will form part of the Local IP Report) is true and correct.

The Local Industry Advocate (LIA) is available to work with respondents to ensure their Local IP Reports are of a suitable quality and address all the required matters.

Table 2: LIPP Reporting Requirements

Contract Value	LIPP Requirement
\$200,000 and above and less than \$5 million	There are no reporting requirements for respondents.
\$5 million and above	Reporting requirements to be negotiated between the Territory Entity and successful respondent during contract negotiation.

## Review of the LIPP

The LIA working with Economic Development will undertake six monthly reviews to continually improve the effectiveness of the policy. Feedback will be sought from both government and industry.

## Roles and Responsibilities

### Territory Entities

Territory Entities are responsible for the implementation and application of the LIPP within their own procurement processes. Territory Entities are also responsible for the reporting of the commitments and outcomes of the application of the LIPP.

Territory Entities will be encouraged to engage with industry to maximise the effectiveness of the LIPP.

### Economic Development, with ACT Government

Economic Development through its Innovate Canberra and PCW divisions will support the adoption and implementation of the LIPP by:

- promoting awareness of the LIPP across Territory Entities and the private sector.
- providing assistance and advice to Territory Entities on LIPP considerations.
- assisting in the evaluation of Local IP Plans and other proposed economic benefits as submitted in responses to invitations to bid.
- monitoring compliance of contracts containing obligations associated with LIPP.
- making recommendations to the relevant Minister for improving industry participation.
- building local industry capability through specific industry development programmes (responsibility of Innovate Canberra).
- capturing and reporting the data required to effectively assess the impact of the LIPP (responsibility of PCW).

### Local Industry Advocate

The ACT LIA has been appointed to ensure competitive local businesses are given every opportunity to participate in ACT Government contracts on a level playing field.

The LIA will work to promote the interests of the business community in the Canberra Region, within ACT and Australian Government policy and legal constraints, to ensure work that can be done by local businesses stays in the Canberra Region, building capability and economic activity in that region.

The LIA can:

- act as a conduit between government and local business.
- review procurement plans and documentation prepared for invitations to bid for key procurements to identify any unnecessary impediments to local businesses bidding.
- review contracts to determine if Local IP Plans are effectively implemented.
- make recommendations to the relevant Director-General, Minister or stakeholder associations to improve industry participation going forward.
- access relevant information to enable these reviews.

The LIA has no involvement in Territory procurement evaluation processes.

## Contact Information

For more information visit the Procurement website  
<http://www.procurement.act.gov.au/>

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