

# Local Industry Policy

A Fair Go for Local Industry

# Guidelines

*Updated May 2011*

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## **Abbreviations**

**ANZ** Australia and New Zealand

**DEEDI** the Queensland Department of Employment, Economic Development and Innovation

**DERM** the Queensland Department of Environment and Resource Management

**EIS** environmental impact statement

**GOC** Queensland Government owned corporation

**GST** goods and services tax

**ICN Queensland** Industry Capability Network Queensland, a Division of QMI Solutions

**ICT** information and communications technology

**IEP** Indigenous Employment Policy

**LIP** *Local Industry Policy – a fair go for local industry, Updated October 2010*

**LIPP** Local Industry Participation Plan

**OAM** Office of Advanced Manufacturing, DEEDI

**PPP** public-private partnership

**QIPP Act** *Queensland Industry Participation Policy Act 2011*

**SME** small and medium enterprise

**TOR** terms of reference

## 1. Introduction

The *Local Industry Policy – a fair go for local industry, Updated October 2010* (LIP) is the local industry policy for the purposes of section 16 of the *Queensland Industry Participation Policy Act 2011* (QIPP Act). The LIP should be read in conjunction with these guidelines and the templates provided for Local Industry Participation Plans (LIPP) and LIPP Outcome Reports.

These guidelines are designed to highlight the features of the LIP and assist project proponents with implementing the LIP. Project proponents should develop their own operational procurement procedures, within the context of these guidelines, to meet the LIP objectives in a way that suits their individual circumstances and needs of the procurement activities undertaken.

The Office of Advanced Manufacturing (OAM), in the Department of Employment, Economic Development and Innovation (DEEDI) is responsible for administrative oversight for the implementation of the LIP, assisting project proponents with compliance, and assisting the Minister prepare the annual report provided in section 13 of the QIPP Act. OAM also has an industry and business development role under sections 7 and 8 of the LIP. Project proponents are welcome to consult with OAM on how industry and business development support programs may enhance LIP outcomes and project objectives.

Project proponents are also welcome to consult with OAM to ensure that their procurement procedures are not inconsistent with the LIP and these guidelines.

Any queries in relation to the LIP or guidelines should be directed to:

The Project Manager  
Local Industry Policy  
Office of Advanced Manufacturing  
Department of Employment, Economic Development and Innovation  
T +61 7 3224 8618  
M +61 (0)409 499 428  
Email: [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au)

Copies of these guidelines, the LIP, LIPP and reporting templates are available at [www.industry.qld.gov.au](http://www.industry.qld.gov.au)

A copy of the QIPP Act is available at [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)

## 2. Definitions

For the purposes of the LIP and these guidelines:

**'agency'** has the same meaning as in section 5 of the QIPP Act.

**'contestable goods and services'** are the goods and/or services included in, or may potentially be included in contracts for an eligible project that can be potentially supplied from:

- sources geographically close to the project
- Queensland
- other locations within Australia or New Zealand, or
- outside Australia and New Zealand (ANZ).

It excludes items which would normally only be supplied from sources geographically close to the project, or items that are not normally manufactured or supplied in ANZ.

**'eligible project'** is a project described in section 3.2 of these guidelines.

**'full, fair and reasonable opportunity'** is the provision of equitable opportunity for capable local industry to participate in the procurement activity by ensuring:

- local industry has the same opportunity afforded to supply chain participants from elsewhere to participate in all aspects of a project, including front-end engineering and design, and project management
  - expression of interest/tender documents should encourage local industry to collaborate in circumstances where the project delivery requirements are outside the capacity and capability of a single local business but could be delivered competitively by a number of capable local businesses through collaboration (including consortia)
- tenders are free from technical requirements that might rule out local industry and are structured in such a way as to provide local industry the opportunity to participate in projects
  - for example, wherever it is practicable to do so, use ANZ standards and codes to ensure that local industry is not designed out of the market (if ANZ standards and codes are not able to be specified, and an equivalent to these standards and codes is used, then the reasons for adopting this approach must be explained in the Local Industry Participation Plan (LIPP))
- as part of value for money due consideration in the tender evaluation is given not only to price but also to environmental sustainability, quality and delivery, whole-of-life costs and/or administrative and risk mitigation advantages and the advancement of the priorities of Government arising from local sourcing.

**'GOC'** has the same meaning as in section 5 of the QIPP Act.

**'grant recipient'** is the recipient of a grant greater than \$2.5 million (exclusive of GST) from the Queensland Government for an eligible project.

**'local content'** includes all value-added activities undertaken by local industry.

**'local industry'** is defined as Australian or New Zealand small and medium enterprises (SMEs).

**'project proponent'** is the government agency or GOC responsible for funding and delivery of a project, including through a grant; or the private sector business entity that enters into a formal undertaking with the Queensland Government for a grant for an eligible project; or the entity that enters into a formal undertaking with the Queensland Government for a significant Queensland government contribution for an eligible project; or the entity that requires an Environmental Impact Statement (EIS) for an eligible project.

**'regional Queensland'** includes those areas within the State of Queensland outside the Brisbane, Gold Coast and Sunshine Coast Statistical Divisions with the postcodes 4306-4499, 4522-4550 and 4576-4999.

**'south east Queensland'** includes those areas in the Brisbane, Gold Coast and Sunshine Coast Statistical Divisions with the postcodes 4000-4305, 4500-4521 and 4551-4575.

**'significant Queensland Government contribution'** includes direct financial outgoings other than a grant, for example for the provision of infrastructure, and/or revenues forgone as incentives to facilitate an eligible project proposal. If the total financial contribution by the Queensland Government exceeds \$2.5 million (exclusive of GST), then it is deemed to be significant and the project is subject to the provisions of the LIP and these guidelines.

**'SME'** is defined as an Australian or New Zealand firm with fewer than 200 full time equivalent employees.

**'suppliers'** are those members of the supply/value chain that provide goods and/or services to a project.

**'tier 1 contractor'** is the managing contractor, prime contractor, constructor or head contractor responsible for delivering the project.

**'value-added'** 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 *Australian Made, Australian Grown Logo Code of Practice May 2007*.

**'value for money'** is described in the *State Procurement Policy* as not restricted to price alone. The value for money assessment must include consideration of:

- contribution to the advancement of priorities of the Government
- non-cost factors such as fitness for purpose, quality, service and support, and sustainability
- cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

## **3. Application of the Local Industry Policy**

### **3.1 Who must comply with the Local Industry Policy?**

Project proponents required to develop, implement and report on a LIPP for an eligible project are:

- all government agencies, including departments, statutory authorities and special purpose vehicles
- all GOCs, including their subsidiaries
- recipients of Queensland Government grants over \$2.5 million (exclusive of GST)
- private sector project proponents that receive a significant government contribution towards the establishment of their eligible projects
- project proponents delivering eligible projects under a PPP arrangement
- project proponents preparing an EIS for an eligible project where it is a requirement to comply with the LIP.

### **3.2 What projects must have a Local Industry Participation Plan?**

The following projects and procurements, further defined below, constitute eligible projects and require a LIPP:

- the construction (including fit out) of infrastructure and resource-based projects with a value greater than \$5 million (exclusive of GST), or greater than \$2.5 million (exclusive of GST) in regional Queensland
- the production of capital assets acquired with a value greater than \$5 million (exclusive of GST), excluding ICT products and services (see 3.2.5)
- any PPPs for the construction (including fit out) of infrastructure and resource-based projects, and capital asset acquisitions greater than \$5 million (exclusive of GST)
- the construction (including fit out) of infrastructure and resource-based projects, and the production of capital assets acquired where Queensland Government grants or a significant Queensland Government contribution of \$2.5 million (exclusive of GST) or more has been received towards the delivery of the project
- the construction (including fit out) of infrastructure and resource-based projects that are required to comply with the LIP as part of their environmental approvals.

#### **3.2.1 Infrastructure projects**

Infrastructure projects include:

- economic or 'hard' infrastructure that comprises, but is not limited to, the structures and facilities which provide for transport networks, power generation and distribution, water and waste collection, treatment and reticulation, communications and telecommunications and the refurbishment of such structures and facilities
- non-residential infrastructure that comprises, but is not limited to, commercial, office and industrial buildings and refurbishment of such buildings
- social and cultural or 'soft' infrastructure which includes, but is not limited to, facilities and buildings catering for education, health, housing, aged care, sport and recreation, cultural industries, tourism, law and order and the refurbishment of such facilities.

The principal characteristics of infrastructure facilities are that they usually:

- have a high initial capital cost
- take significant construction effort and duration
- are designed for a long service life, and
- support the economic, social and environmental fabric of society, and are not merely an end in themselves.

### 3.2.2 Resource-based projects

Resource-based projects are projects based on Queensland's natural resources which can include, but are not limited to, projects relating to the mining of coal, the mining and refining of bauxite and 'hard rock' metals, coal seam gas extraction, production of liquefied natural gas, and tourism developments.

### 3.2.3 Capital assets

Capital asset procurements include, but are not limited to, items such as plant, equipment, machinery, buildings, furniture, railway rollingstock, buses, and emergency services vehicles designed for a specific purpose.

Capital asset acquisitions also cover procurements that form part of the operational or maintenance support, and include, but are not limited to, the supply of components, goods and services for the manufacturing, refurbishment and re-engineering of components and the supply of spares.

Capital asset acquisitions do not include items normally consumed in the course of day-to-day business operations.

### 3.2.4 Projects of strategic significance to Queensland

The LIP requires that agencies and GOCs should give serious consideration to applying the LIP to projects of less than \$5 million (exclusive of GST) or less than \$2.5 million (exclusive of GST) in regional and rural Queensland that are of strategic significance to Queensland. Agencies and GOCs should be able to demonstrate that serious consideration has been given to applying the LIP to projects below these thresholds to assess whether they are of strategic significance. Agencies and GOCs should consider government policies concerning regional and industry development, and employment and training, that impact on government procurement, in the context of the objectives of the LIP.

Examples include:

- infrastructure projects, such as a road, trade training centre, ambulance or police station, school, public housing, hospital/health centre extension in a rural town or regional centre
- one or more projects in an area of high unemployment or an area affected adversely by economic or other events such as a natural disaster.

The following questions provide a guide to determining whether a project is of strategic significance:

- Will the project have a significant employment and business impact in the area by expanding business opportunities for local industry in proximity to the project?
- Will the project support significant regional and rural development for communities in proximity to the project?
- Is there potential for the project to have a significant impact on local industry's long-term international competitiveness by giving industry in proximity to the project full, fair and reasonable opportunity to compete against suppliers of goods and services from outside the area?
- Will the project promote local industry's involvement in value-adding activities in the area?
- Will the project drive technology transfer, research and development, innovation and improved productivity for local industry in the area, to enhance value for money?

Agencies and GOCs should consult with OAM, DEEDI in determining whether a project might be of strategic significance.

### 3.2.5 ICT SME Participation Scheme

The local industry participation requirements for information and communication technology (ICT) products and services are outlined in *ICT SME Participation Scheme*. The *ICT SME Participation Scheme* is a requirement for Queensland Government procurement of ICT products and services. Compliance with the scheme is required as outlined in Information Standard 13. Information on the Scheme is available at [www.qgcio.qld.gov.au/qgcio/forictindustry](http://www.qgcio.qld.gov.au/qgcio/forictindustry)

### 3.2.6 Local government procurement

The LIP does not apply to projects, developments, procurements and other initiatives wholly funded by local governments. The requirements for developing competitive local business and industry in the contracting and procurement activities of local governments are provided for in the *Local Government Act 2009*.

## 4. The Local Industry Participation Plan

It is the responsibility of the project proponent to:

- develop a LIPP for each eligible project, and
- ensure that LIP obligations, including for reporting, are applied to and incorporated in, all contracting arrangements for eligible projects, including any sub-contracted elements.

The requirement for project proponents to develop a LIPP for each eligible project is designed as a proactive approach to fulfilling the obligations and meeting the objectives of the LIP through the procurement process.

ICN Queensland can assist project proponents prepare the LIPP to meet LIP obligations free of charge.

The LIP requires that eligible projects put out to tender must:

- have local content as one of their general evaluation criteria, and
- address the following in a LIPP:
  - in quantifiable and qualitative terms, the economic benefits to Queensland arising from activities proposed in the LIPP, and
  - how the proposed project will actively support the LIP key criteria.

The preparation of the LIPP must be undertaken in parallel with the development of the project and at the commencement of the initial conception phase of the procurement process.

The LIPP template to be used by project proponents is available on the DEEDI website at [www.industry.qld.gov.au](http://www.industry.qld.gov.au) or by emailing [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au).

The LIPP template is structured to assist project proponents include LIP obligations as part of the tender process. It provides guidance on how project proponents may address the issues and key criteria outlined in section 6 of the LIP in quantifiable and qualitative terms, and evaluate LIPP responses from the procurement process. The LIPP template also includes example clauses which may be adapted for tender documentation and contractual arrangements with contractors.

The LIPP template consists of two parts:

- Part A  
Purpose: to outline the project proponent's expectations for the project in relation to the LIP objectives. Part A is intended for inclusion in tender documentation for release to potential tier 1 contractor(s) and subsequent evaluation of tender responses against the project proponent's expectations.
- Part B  
Purpose: Part of the tender documentation which captures the LIPP commitments of tenderers and can be used as the basis for the contractual obligations of the winning tier 1 contractor(s) responsible for project delivery.

## 4.1 Supporting the Local Industry Policy key criteria

The LIP key criteria are:

1. development of long-term, internationally competitive local manufacturing and services industry sectors in Queensland
2. employment, training and skill development
3. support for regional and rural development
4. promotion of value-adding activities
5. opportunities for participation by local industry
6. support for other industry development activities, such as new investment, innovation and research and development.

An important factor in supporting the key criteria to maximise participation by capable, competitive local industry is the **contestability** between local industry and suppliers from elsewhere for project opportunities.

Where a project is declared of strategic significance (refer 3.2.4), contestability may be between suppliers in the regional Queensland area where the project is located and elsewhere.

The LIPP must address how local industry will be provided full, fair and reasonable opportunity to tender for work, particularly in relation to the contestable goods and services in the project.

Project proponents **must consult with ICN Queensland** at the pre-tender stage, prior to the preparation of the LIPP, to collaboratively carry out a contestability assessment for an eligible project to identify contestable goods and services. During consultation, ICN Queensland will assist project proponents by providing advice and information on contestable goods and services. ICN will review local industry capability against the potential inputs for the project in relation to section A.2 of the LIPP template. ICN Queensland will issue a unique identification number to project proponents following consultation which must be included in the LIPP prior to registration with DEEDI.

Where a genuine competitive choice exists between local industry and suppliers from elsewhere, the selection process should give greater prominence in the overall assessment of value for money to the tender with the strong commitment to local content where there may be significant benefits to the local economy. Consultation with ICN Queensland on contestable goods and services will assist project proponents make a judgement on the prominence of local content in tender evaluation.

The Queensland Government Chief Procurement Office offers discrete guidance material on evaluating offers in purchasing and the meaning of value for money in purchasing, while guidance on supporting local suppliers, regional development and employment is embedded throughout its policy and guidance documents. The material can be found at [www.qgcpo.qld.gov.au](http://www.qgcpo.qld.gov.au).

**Participation by supply chains:** Projects that offer potential for extensive sub-contracting or use of supply chains can result in significant employment and economic multiplier effects. In these circumstances, project proponents must ensure the LIPP, including LIPP reporting requirements, applies to, and is incorporated in, all contracting arrangements for eligible projects, including any sub-contracted elements.

**Opportunities for participation:** In addition to the level of contestability in an eligible project, getting the word out about the opportunities and the pre-qualification requirements is also an important aspect of providing local industry with full, fair and reasonable opportunity to tender for project work. How and when it is done, what is done, who has responsibility, and where it is done, should be addressed in the LIPP.

**Increased competition and value for money:** SMEs may not be in a position to bid for a larger contract because of contract size, or because the contract now bundles goods or services, not all of which the SME supplies. Unbundling of projects can lead to better value for money outcomes and competition in the market, by increasing the number of eligible bids, and providing lower overheads and management costs as a result of the goods and services capable, competitive SMEs may be able to offer.

Project proponents are encouraged to unbundle work packages to optimise local industry participation. The contestability assessment with ICN Queensland at the pre-tender stage, prior to the preparation of the LIPP (noted above), can assist to increase the level of contestability.

Project proponents should seek a contestability assessment from ICN Queensland for medium and lower value projects at the program formulation stage under the *Capital Works Management Framework* and prior to consultation with the Department of Public Works (see Policy requirement 1 of the *Capital Works Management Framework*).

Where it has been decided to bundle projects, project proponents should explore ways to encourage SME participation, for example encouraging SMEs to form consortia to tender for the larger packages. This is also an important factor in increasing the level of contestability in a project, and competition in the procurement process.

**Regional development:** The involvement of regional suppliers can have proportionately higher economic benefits to a region in the form of jobs growth/retention, population growth, new investment and additional economic activity. This can also lead to workforce **training and skills development opportunities** in regional areas. The extent to which the project can be delivered in a Queensland regional area or with input from Queensland regional suppliers should be considered during LIPP development and consultation with ICN Queensland. Agencies and GOCs should also consider government policies concerning regional and industry development, employment and training that impact on government procurement.

**The use of standards and codes:** The Queensland Government expects that wherever it is practicable to do so, project proponents will use ANZ standards and codes in the formulation of specifications, tenders and the letting of contracts. This not only provides a “fair go” for local industry to supply into the project, but may increase competition in the supply chain from increased local industry participation. If ANZ standards are not able to be specified and an equivalent to the standards and codes is used, then the reasons for adopting this approach must be explained in the LIPP.

Opportunities for involvement of local industry in **value-added activities**, and other industry development activities, such as **new investment, innovation and research and development** for projects with high skill or technology requirements can have significant economic benefits. These can be in the form of building local industry capability and boosting the skills and knowledge of the workforce by providing **employment, training and skills development opportunities**. Project proponents are strongly encouraged to assess these opportunities with ICN Queensland at the time of consultation on contestable goods and services.

## 4.2 Grants programs

A LIPP must be prepared by the grant recipient for grants greater than \$2.5 million (exclusive of GST) for an eligible project.

It is the responsibility of grants program managers to ensure that compliance with the LIP is made a condition of the grant contract between the State and the grant recipient, including the requirement to develop a LIPP and report on its outcomes according to the timelines in Diagram 5.1.

Grant managers should consult OAM, DEEDI for guidance on the application of the LIP to their grant programs.

## 4.3 Significant Queensland Government contributions

In the case of a significant Queensland Government contribution to a private sector entity, a LIPP must be prepared by the recipient for an eligible project. It is the responsibility of a government agency or GOC administering the contribution to ensure that compliance with the LIP is made a condition of the agreement between the State and the recipient, including the requirement to develop a LIPP and report on its outcomes according to the timelines in Diagram 5.1.

## 4.4 Exceptions to the requirements

Under normal circumstances a LIPP is required for each eligible project. In order to minimise the compliance burden on project proponents, a single LIPP may be developed for any of the arrangements below:

- **Aggregated projects:** A LIPP may be prepared to encompass the aggregation of projects to be delivered as a LIP-eligible project by a single tier 1 contractor as part of a head contract. Compliance with the LIPP must be made a condition of the contract, including the requirement to report on project outcomes according to the timelines in Diagram 5.1.
- **Standing offer arrangements:** A LIPP may be prepared for procurement that is carried out for eligible projects through a standing offer arrangement for the period of the standing offer arrangement.
- **Projects with significantly low levels of contestability:** A LIPP may be developed for multiple, eligible projects of a similar nature where there is usually a high level of local content, and the level of contestable goods and services is usually very low. Project proponents should consider that for such eligible projects in regional Queensland, contestability may be between suppliers in the regional Queensland area where the project is located and elsewhere.

**Exceptions must be requested in advance of developing the LIPP from OAM, DEEDI, and following the ICN Queensland contestability assessment (see 4.1 above).**

## 5. Local Industry participation planning and reporting process

Section 5.1 outlines the local industry participation planning and reporting process relating to Queensland Government agencies, GOCs, the recipients of Queensland Government grants and significant Queensland Government contributions. Section 5.2 outlines the process for projects requiring an EIS.

### 5.1 Government agencies, GOCs, recipients of government grants and significant Queensland Government contributions

Diagram 5.1 summarises the timeframes for the local industry participation planning and reporting process.

There may be instances where agencies and GOCs are delivering an eligible project which requires an EIS. Even in these circumstances, agencies and GOCs must follow the timeframes under 5.1 and Diagram 5.1.

#### 5.1.1 Project definition phase

Project proponents must register an eligible project with DEEDI for public listing:

- at the time it is decided to proceed to implementation, for example following the State Budget where funding has been allocated to the project, including in the forward estimates, and the agency or GOC is committed to proceed to tender for project delivery during the financial year
- immediately following the execution of a grant contract or variation to an existing contract
- immediately following the execution of a formal arrangement relating to a significant government contribution to facilitate a project proposal.

Your registration should indicate the name of the project, project proponent responsible, and the estimated capital expenditure for the project (where publicly available) for listing. Project details are to be emailed to DEEDI at [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au). It must also indicate the name of the person associated with the project proponent who is responsible for the development of the LIPP.

### 5.1.2 Project pre-tender phase

Project proponents **must consult with ICN Queensland** prior to the preparation of their LIPPs to collaboratively carry out a contestability assessment for the supply of goods and services which can make up a work package (refer to sections A.2 of the LIPP template and 4.1 of these guidelines).

The LIPP template to be used by project proponents is available on the DEEDI website at [www.industry.qld.gov.au](http://www.industry.qld.gov.au) or by emailing [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au). ICN can also assist project proponents prepare the LIPP to meet LIP obligations free of charge.

In preparing a LIPP for an eligible project, all Queensland Government agencies and GOCs must ensure that the LIPP is consistent with the *Australia and New Zealand Government Procurement Agreement* (ANZGPA) and the obligations of the State under any conventions, treaties or other international agreements to which the Commonwealth is a party.

Schedule C of the *State Procurement Policy*, as amended from time-to-time, sets out the circumstances in which Queensland Government agencies and GOCs listed within the Schedule must comply with international obligations. Schedule C also sets out the exclusions to international obligations, including those relating to SMEs.

When developing a LIPP, where a Queensland Government agency or GOC decides to include any form of preference or set-aside for SMEs, the LIPP must be consistent with clause 8 of the *State Procurement Policy*.

**The LIPP must be registered with DEEDI at least 30 days prior to going to tender for project construction or the acquisition of capital assets.** To facilitate registration, project proponents should consult with OAM, DEEDI on the LIPP for an eligible project prior to registration.

The LIPP must be approved by a senior representative of the project proponent and submitted to DEEDI at [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au) by the due date.

### 5.1.3 Project tender phase

**The LIPP contractual commitments of the winning tier 1 contractor(s) responsible for project delivery must be registered by the project proponent with DEEDI within 14 days of awarding the contract** and submitted to DEEDI at [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au) by the due date.

ICN Queensland can assist appointed contractors and sub-contractors meet their LIPP commitments by supplying or augmenting shortlists of verified local capability relating to adequately specified project supply opportunities free of charge.

Contractors and sub-contractors appointed to deliver the eligible project should be strongly encouraged as part of their contractual obligations to consult with ICN Queensland on capable local suppliers that will be invited to pre-qualify or tender for contestable project opportunities.

It is the responsibility of project proponents to ensure the LIPP applies to, and is incorporated in, all contracting arrangements for eligible projects, including any sub-contracted elements during the project delivery phase.

### 5.1.4 Project delivery phase

Progress LIPP Outcome Reports are required **no later than 15 July each year for the preceding financial year** for eligible projects where tenders have been let and construction or procurement has commenced but the project is not completed.

It is the responsibility of the project proponent to monitor the tier 1 contractors' compliance with the LIPP contractual obligations during the delivery phase.

### 5.1.5 Project completion

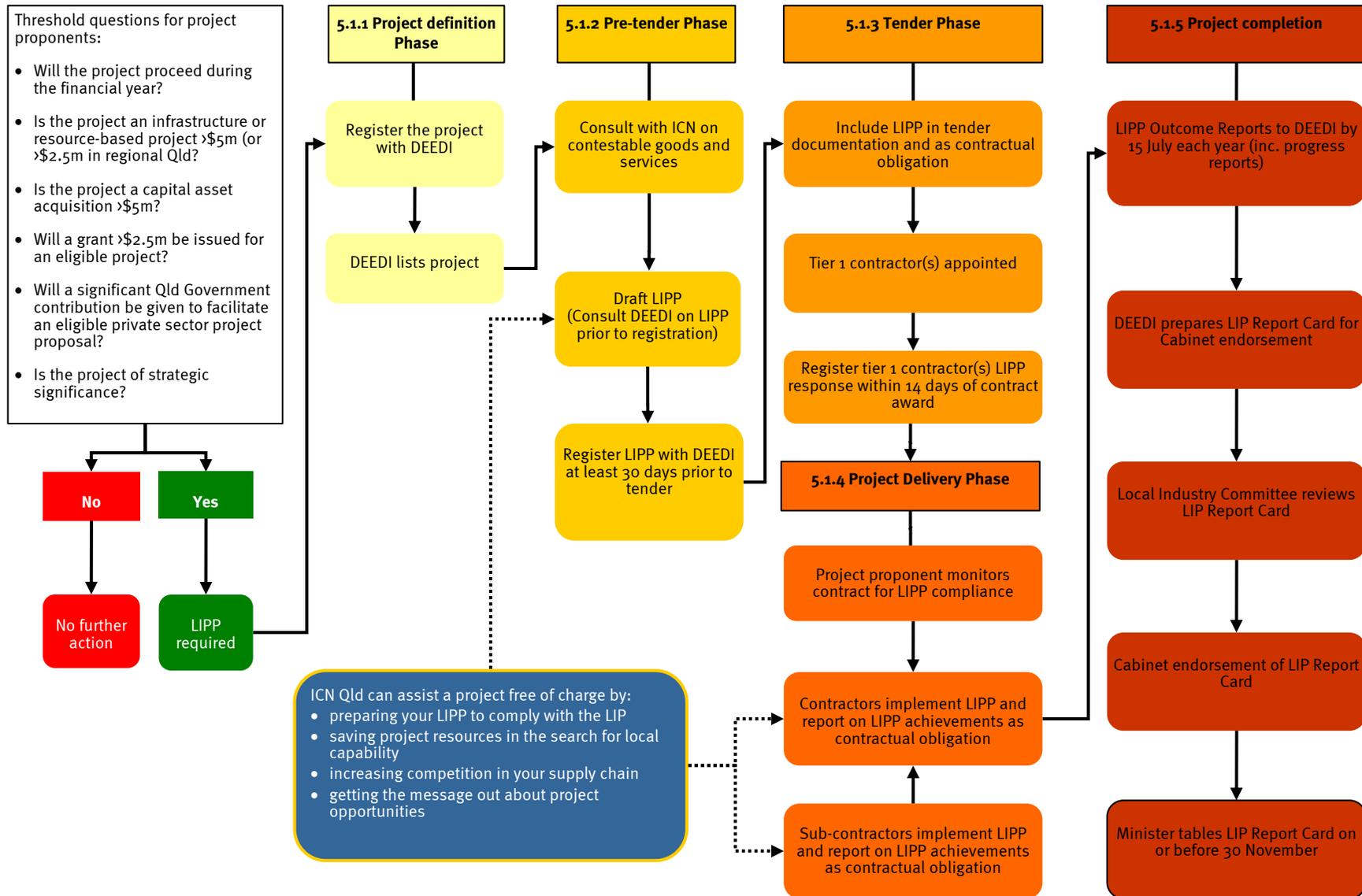
The Minister with responsibility for administering the QIPP Act is required to prepare an annual report for Parliament under section 13 and table the report on or before 30 November each year for the preceding financial year. The form and information contained in the report are at the discretion of the Minister.

To assist the Minister prepare the report, **a LIPP Outcome Report is required no later than 15 July each year for the preceding financial year on completed projects and procurement.** Project proponents are encouraged to submit the reports at any time during the year following the completion of the project.

The LIPP Outcome Report template is available on the DEEDI website at [www.industry.qld.gov.au](http://www.industry.qld.gov.au) or by emailing [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au).

The LIPP Outcome Reports should be approved by a senior representative of the project proponent and submitted to DEEDI at [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au) by the due date.

**Diagram 5.1: LIPP development, implementation and reporting cycle – Queensland Government agencies and GOCs**



## 5.2 Eligible projects subject to environmental approval

A LIPP must be developed for project proponents preparing an EIS for an eligible project where it is a requirement to comply with the LIP. Section 5.2 and Diagram 5.2 outline the local industry participation planning and reporting process for project proponents in these circumstances.

### 5.2.1 Project definition and pre-tender phase

Project proponents **must consult with ICN Queensland** prior to the preparation of their LIPPs to collaboratively carry out a contestability assessment for the supply of goods and services which can make up a work package (refer to the LIPP template and 4.1 of these guidelines). The consultation is designed to enable project proponents to clearly identify the opportunities and constraints to local industry participation, and develop strategies to realise local industry participation to be implemented as part of the LIPP for the project.

A monitoring and evaluation plan must also be developed for the LIPP Outcome Reports under 5.2.4 and 5.2.5. This should form part of the LIPP.

The LIPP template is available on the DEEDI website at [www.industry.qld.gov.au](http://www.industry.qld.gov.au) or by emailing [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au). ICN can also assist project proponents prepare the LIPP to meet LIP obligations free of charge.

The LIPP should also form part of the EIS for the project. However, it is recognised that a project proponent may not have the relevant information available to prepare a LIPP during the EIS process. In this case, one of the requirements of approval may be that the proponent must consult with ICN Queensland and prepare a LIPP by a nominated time (e.g. prior to detailed design or prior to assessment manager approval). The terms of reference for an EIS should clearly note LIP requirements.

Compliance with the LIPP must be made a condition of the contract with contractors and sub-contractors, including the requirement to report on project outcomes according to the EIS reporting requirements.

It is the responsibility of the project proponent to develop and **register a LIPP with DEEDI for an eligible project for approval at least 30 days prior to going to tender for tier 1 contractor(s) to deliver the project.** The LIPP must be approved by a senior representative of the project proponent and submitted to DEEDI at [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au). To facilitate approval, project proponents should consult with OAM, DEEDI on the LIPP for an eligible project prior to registration.

### 5.2.2 Project tender phase

ICN Queensland can assist appointed contractors and sub-contractors meet their LIPP commitments by supplying or augmenting shortlists of verified local capability relating to adequately specified project supply opportunities free of charge.

Contractors and sub-contractors appointed to deliver the eligible project should be strongly encouraged as part of their contractual obligations to consult with ICN Queensland on capable local suppliers that will be invited to pre-qualify or tender for contestable project opportunities.

**The LIPP contractual commitments of the winning tier 1 contractor or contractors responsible for project delivery must also be registered with DEEDI within 14 days of awarding the contract.**

### 5.2.3 Project delivery phase

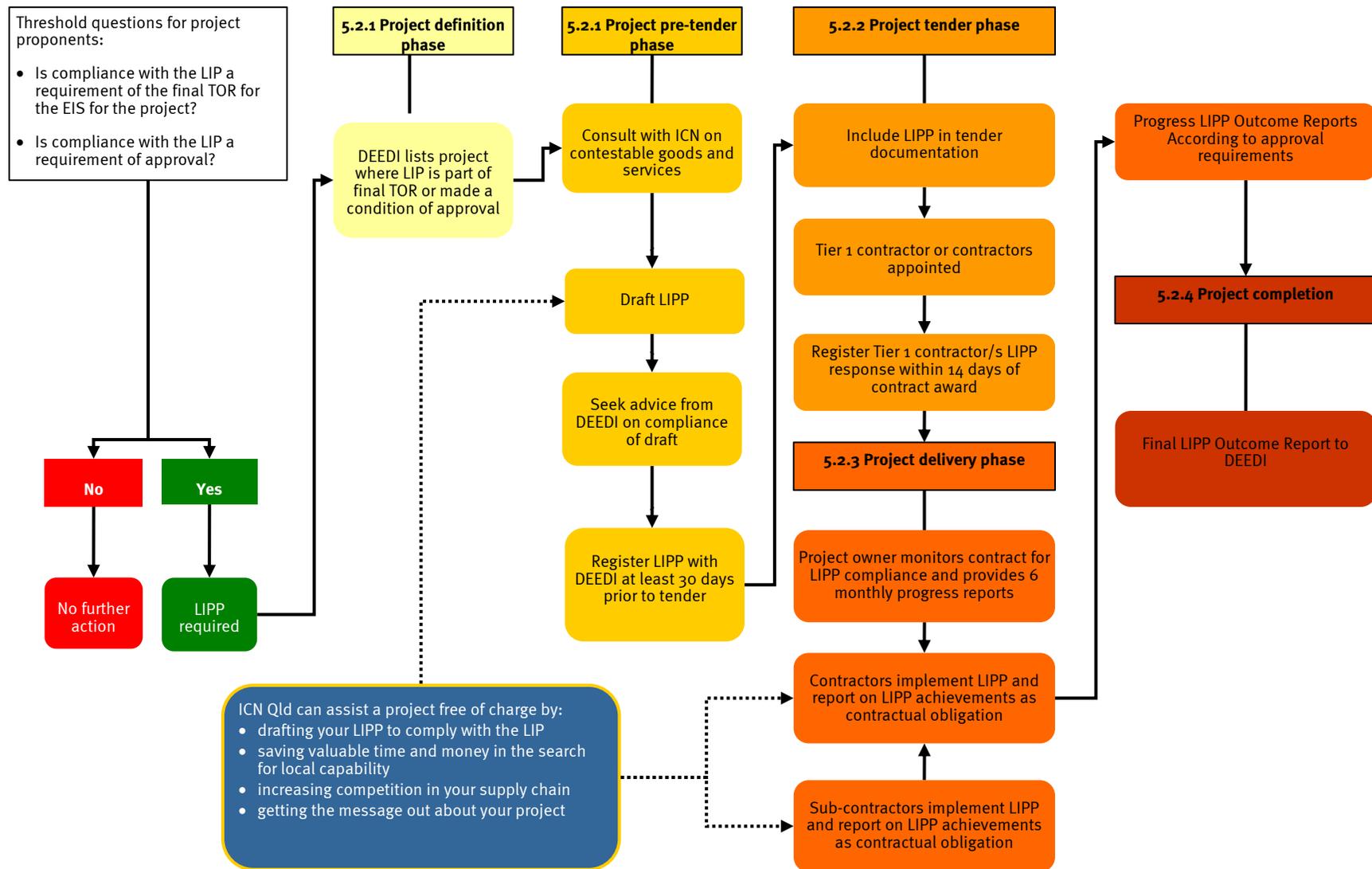
**A Progress LIPP Outcome Report is required for an eligible project during the project delivery phase according to the reporting timeframes under the EIS for the eligible project.**

### 5.2.4 Project completion

**A final LIPP Outcome Report is due on project completion and must be to [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au).**

The required LIPP Outcome Report template is available on the DEEDI website at [www.industry.qld.gov.au](http://www.industry.qld.gov.au) or by emailing [lip@deedi.qld.gov.au](mailto:lip@deedi.qld.gov.au)

**Diagram 5.2: LIPP development, implementation and reporting cycle – projects subject to environmental approval**



## 6. How can ICN Queensland assist?

The Queensland Government funds ICN Queensland to provide fully subsidised services to assist project proponents to develop and implement their LIPPs. ICN's role is explained in detail in section 9 of the LIP.

The central aims of the process outlined in these Guidelines and the Government's support of ICN Queensland, are to optimise local content by maximising participation by competitive and capable local industry and to provide assistance to minimise the compliance burden on project proponents and their contractors.

ICN Queensland is part of the ICN national network across Australia and New Zealand that maintains a supplier management portal 'ICN Gateway' ([www.gateway.icn.org.au](http://www.gateway.icn.org.au)). The portal also comprises a comprehensive capability data base of more than 45,000 ANZ companies, particularly in the manufacturing and related services sector.

In addition to assisting with a contestability assessment under section 4.1 of these guidelines, ICN specialist staff from engineering and procurement backgrounds can assist you meet your LIP obligations by:

- **assisting you prepare your LIPP to comply with LIP requirements**
- **supporting project resources in the search for local capability** (ICN can supply you with, or augment your shortlists of, verified local capability relating to project opportunities)
- **getting the message out about project opportunities to local suppliers** (ICN can assist you with information events for local industry and provide your own project page on ICN Gateway for supplier registrations against project opportunities)
- **increasing competition in your supply chain** (ICN Gateway provides access to a wider range of capable local industry that can deliver value for money).

ICN Queensland representatives are at the following locations:

### Industry Capability Network (Queensland)

Email: [info@icnqld.org.au](mailto:info@icnqld.org.au)

Web: [www.icnqld.org.au](http://www.icnqld.org.au)

#### Head Office

Brisbane Technology  
Park  
3 McKechnie Drive  
Eight Mile Plains QLD  
Australia 4113

T: +61 7 3364 0670

F: +61 7 3364 0780

#### Townsville Office

1st Floor, Enterprise  
House, The Strand  
Townsville Qld 4810

PO Box 5873  
Townsville Qld 4810

T: +61 7 4771 2045

F: (07) 4721 2375

#### Gladstone Office

Level 3, 72 Goondoon  
Street  
Gladstone Qld 4680

PO Box 5151  
Gladstone Qld 4680

T: +61 7 49769200

F: +61 7 49769077

#### Toowoomba Office

203 Tor Street  
Toowoomba Qld 4350

T: +61 7 4688 1121

F: +61 7 3364 0786

## 7. Other requirements that may apply to eligible projects

This section outlines other policy and legislative requirements that may also apply to government and private sector procurement for an eligible project.

### 7.1 Structured Training Policy (10 per cent Training Policy)

The policy requires that a minimum of 10 per cent of the total labour hours on any Queensland Government building or civil construction project (valued over \$250,000 for building or \$500,000 for civil construction) must be undertaken by Indigenous workers, apprentices, trainees or cadets or used for the upskilling of existing employees (to a maximum of 25 per cent of the deemed hours).

The State Government Building and Construction Contracts Structured Training Policy, the 10 per cent Training Policy, plays a key role in ensuring the building and construction industry continues to employ apprentices and trainees and upskill its existing workforce.

The policy requires contractors to ensure employment and structured training occurs on State Government building and construction contracts to address skills shortages and create additional employment opportunities in the building and construction industry. Information on the 10 per cent Training Policy is available at [www.training.qld.gov.au/industry](http://www.training.qld.gov.au/industry)

### 7.2 Indigenous Employment Policy (IEP) (20 per cent Policy)

The IEP 20 per cent Policy applies to all civil construction contracts with no minimum threshold and building construction projects exceeding \$250,000 (inclusive of GST) in value, in Queensland's identified Indigenous communities. However, projects of lesser value may be clustered together in a contract to reach the threshold value.

This Policy requires a 20 per cent minimum benchmark of total labour hours be undertaken by an Indigenous workforce recruited from the local Aboriginal and Torres Strait Islander community/ies with half of the deemed labour hours required to involve accredited training. .

Negotiation and flexibility with respect to the above benchmarks are possible in consultation with Aboriginal and Torres Strait Islander communities in order to identify how the project/s will contribute to achieving the community's development plan and longer-term goals.

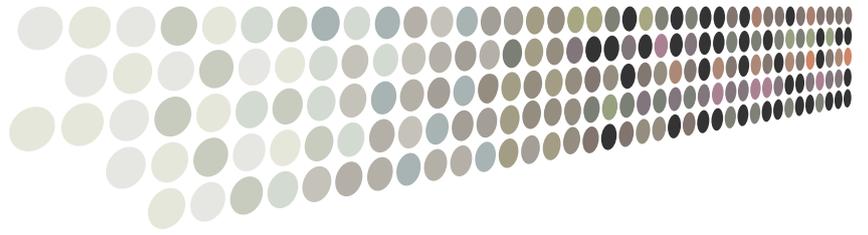
Information on the IEP is available at [www.employment.qld.gov.au](http://www.employment.qld.gov.au)

### 7.3 Other policies and legislative requirements

Project proponents should ensure that the LIPP complies with relevant other policies and legislation, which include, but are not limited to:

- *Australia and New Zealand Government Procurement Agreement* (Department of Foreign Affairs and Trade [www.dfat.gov.au](http://www.dfat.gov.au) and Australian Procurement and Construction Council [www.apcc.gov.au](http://www.apcc.gov.au) )
- *Blueprint for Queensland's LNG Industry* (Department of Employment, Economic Development and Industry) [www.industry.qld.gov.au/](http://www.industry.qld.gov.au/)
- *Capital Works Management Framework* (Queensland Department of Public Works [www.publicworks.qld.gov.au](http://www.publicworks.qld.gov.au) )
- Chapter 15 *Government Procurement, Australia-United States Free Trade Agreement* (Department of Foreign Affairs and Trade [www.dfat.gov.au](http://www.dfat.gov.au) )
- Chapter 15: *Government Procurement, of the Australia-Chile Free Trade Agreement* (Department of Foreign Affairs and Trade [www.dfat.gov.au](http://www.dfat.gov.au) )
- *Corporations Act 2001 (Cth)* (Australian Securities and Investment Commission) [www.asic.gov.au](http://www.asic.gov.au)

- *Jobs First: Delivering Jobs for Queensland* (Department of Employment, Economic Development and Industry [www.deedi.qld.gov.au/initiatives](http://www.deedi.qld.gov.au/initiatives) )
- *National Competition Policy* and related legislation and agreements including *Competition and Consumer Act 2010 (Cth)* [www.accc.gov.au/](http://www.accc.gov.au/)
- Queensland *Environmental Protection Act 1994* administered by DERM [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au) and [www.derm.qld.gov.au](http://www.derm.qld.gov.au)
- Queensland *Financial Accountability Act 2009* [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- Queensland *Financial and Performance Management Standard 2009* [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- Queensland *Mineral Resources Act 1989* [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- Queensland *Petroleum and Gas (Production and Safety) Act 2004* [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- Queensland *Public Service Ethics Act 1994*. [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- Queensland *State Development and Public Works Organisation Act 1971* administered by the Coordinator-General [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au) and [www.dlgp.qld.gov.au](http://www.dlgp.qld.gov.au) (The role of [Coordinator-General](#) has been transferred from the Department of Local Government and Planning to the DEEDI. DEEDI's website is currently being updated to reflect this change. [www.deedi.qld.gov.au](http://www.deedi.qld.gov.au) )
- Queensland *Sustainable Planning Act 2009* [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au)
- *State Procurement Policy* (Queensland Department of Public Works) [www.qgcpcpo.qld.gov.au](http://www.qgcpcpo.qld.gov.au)



**1300 363 711** (Interstate callers • 07 3001 6359)  
**[www.deedi.qld.gov.au](http://www.deedi.qld.gov.au)**