Comment – Hughes et al

Comment
Hughes et al (HEA) have been local content practitioners since 2008, working exclusively with major infrastructure projects to help redesign procurement and employment processes to create better local content value from infrastructure investment. We have an extensive list of clients and experiences, we are trusted by the highest profile projects, and we are regional specialists. We have managed to remain in business because there is so much inefficiency in the construction industry, and we found that local content is a proven mechanism to increase competition and productivity. Much of the inefficiency starts with how capital is released to projects, with bite size chunks being deeply inefficient. Then, how projects articulate what they want of their supply chain, and set about engaging the supply chain, is often at best sporadic and confusing for the market. Then the lack of functional alignment and collaboration throughout the project itself means investment opportunity is wasted and rushed. The lack of collaborative contracts, and collaborative culture. Finally, the use of data and metrics to assess market capability and capacity from major project procurement teams is relatively non-existent, with over worked procurement teams unable to find the capacity to test the market for innovation and competition. And most recently, the incorrect use of the word "Social", and it's application to "Economic" opportunities is diluting the industrial impact of investment, and not creating optimum value for both the project and society. Having social scientists leading the industries economic and industrial interests is suboptimal. Finally, behind the supply chain is a workforce, and my observation the workers themselves are often mismanaged by the network of organisations designed to support them, that have poorly directed Government funding and provided a fractured and nervous solution to market challenges that needs unified and brave structural change. Neither the market, nor the workers, are served well in the current market. Government should procure a better market mechanism for worker productivity. To that end, please find attached a paper on Detachering, which is an employment model for Holland in the 1990's, that could be reconfigured to suit contemporary Queensland support supply chain and worker productivity. We have been replicating this model through technology and local content practices since 2012, and along with our technology partner uWorkin, we have learned a lot of lessons on how to help projects and workers be more productive, and create more value in the region they are operating in, Thank you for the opportunity to make this submission, Your sincerely, Ben Hughes Detachering paper attached

<div align="center">

DETACHERING PAPER

How the Dutch employment market was better equipped to support industry and workers.

</div>

For the Queensland Productivity Commission

Written by Ben Hughes of Hughes et al (HEA) – 2nd June 2025

████████████████

Background

Detachering (pronounced "data-shearing") is a form of employment model widely used in The Netherlands. This model evolved during the late 1990s and early 2000s, underpinned by principles established in response to the "Polder Economic" approach. This approach, adopted by the Dutch government, emphasised collaboration between workers, employers, and industry. A significant legislative milestone was the Flexibility and Security Act of 1999, which formalised the basis of engagement between these stakeholders.

The Detachering model operates on a tri-party arrangement involving:

1. Client: The company temporarily utilising the worker's services without direct employment obligations.

2. Employer: Typically, a staffing or secondment agency responsible for wages, benefits and career growth.

3. Employee: Holds a permanent contract with the employer, whilst working under the client's supervision for the assignment duration.

This model balances employer flexibility with worker security, offering a stable yet adaptable employment framework. It is often quoted as a fundamental part of "The Dutch Miracle", the name given to the economic turnaround in The Netherlands. Fundamental to its success is collaboration between Government, Union and Industry.

Introduction

Hughes et al (HEA) are <u>not</u> Australian economists, employment lawyers, industrial relations specialists, or training experts. Rather, HEA specialises in developing local content strategies for major projects. These strategies aim to increase local procurement, foster local manufacturing, and bolster supply chain employment. HEA assists organisations in leveraging their purchasing power to achieve better local content outcomes, address resource productivity, and maximise investment value.

HEA's interest in the Detachering model stems from Ben Hughes's experience of building employment models in The Netherlands from 2000 to 2002. This experience, combined with 17 years working in major Australian construction projects, is the basis of this dual perspective.

Relevance

This paper briefly introduces the concept of Detachering and opens the topic for discussion about what can be learned, applied and developed in the Australian market context. Whilst the

Dutch might not have all the answers, at the very least it provides a precedent and a roadmap of what can be achieved through collaborative transformation.

Clearly, any national level strategy involves change from others, so the question becomes what can industry do to independently lead change?

Market Leadership

Amongst a range of distinguishing characteristics between the Dutch and the Australian employment markets, one area that is heavily influenced by Industry stakeholders is how the employment market mechanisms that support industry and workers are both procured, and supported at an industry level, as well as a company level.

In short, Dutch clients often collaborate in their demand for workers at an industry level, set high standards from their staffing industry to be expert employers, and leverage their ability to procure employment services to drive competition from the staffing industry to support the projects and the workers.

Differences in Market Mechanisms

In The Netherlands, the employment market mechanisms are referred to as "Uitzendbureaus" (Out-send-bureaus) – more broadly described as "staffing agencies". These companies are more likely to be a sophisticated alignment between recruitment firms, training organisations, professional development initiatives, human resource professionals, career coaches, and rehabilitation services. Crucially, there is far greater recognition that a worker needs a range of supports and services throughout their journey, when in comparison, the Australian market is almost exclusively focused on training being the only solution.

Training is important, but the Government led hegemony that it's the only solution, as opposed to one part of the solution, suffocates a range of services that workers and industry would benefit from.

Key differentiators include:

- Incentivised Engagement: Staffing companies are incentivised to maintain long-term engagement with workers. Whole upfront fees for placement of people are rare, and payments are made throughout the life of the worker's contract. Fees can be earned for successfully transitioning workers into new roles at the end of contracts.

- Career Support: Workers benefit from having a dedicated "agent"—a staffing company invested in their career progression and sustained employment. Whilst training is an important element of that development, it's only seen as part of a broader approach.

- Industry Identification: Workers in The Netherlands identify more with their industry rather than a single employer. This industry is far more proactive at communicating and advocating for workers development, this enables the workers to connect around common needs and solutions and build robust professional networks.

- Worker Confidence: Workers feel supported in their employment journey, reducing anxiety about being contracted, and not permanently employed. The flexibility afforded by greater industrial security is the enabler for industry flexibility.

- Benefit Portability: Workers' benefits accrue independently of their employer, creating a sustainable employment model.

- Employment Standards: Industry bodies drive higher standards of performance for the staffing industry, this drives professional competition resulting in workers and projects being provided better employment services and support.

The Detachering Advantage

At its core, the Detachering model strikes a balance between employer flexibility and worker security. This equilibrium drives higher standards across the employment market. Yet, in Australia, many stakeholders—including Owner's Teams and Contractors — fail to leverage their purchasing power to optimise employment outcomes and enhance workforce productivity.

By adopting elements of the Detachering model, Queensland could:

- Enhance Flexibility: Enable companies to scale their workforce based on project needs without long-term contractual constraints.

- Provide Security: Offer workers stable employment through the employment market mechanisms, even during temporary assignments.

- Streamline Processes: Reduce administrative burdens for companies by focusing HR responsibilities internally, and interfacing with specialised external agencies.

- Productive Collaboration: Promote stronger alignment of recruitment, training, career development and human logistics organisations to deploy a more capable workforce.

Conclusion and Discussion Points

The Detachering model presents an interesting opportunity for the Australian construction industry to rethink both the way it collaborates at an industry level, and the employment frameworks and market mechanisms that it uses to attract, develop and deploy a workforce.

The key thing is lifting the companies that service both the employers and the workers, to workers engaged, developed and productive.

1. What could the industry do to establish a standard of performance from the companies that provide employment services?

2. How could the industry procure employment services to achieve great competition, efficiency and effectiveness?

3. How could economies of scale be leveraged, to create better outcomes for the industry and its workforce?

4. How could the market offer more coverage of an employment lifecycle to keep workers engaged.
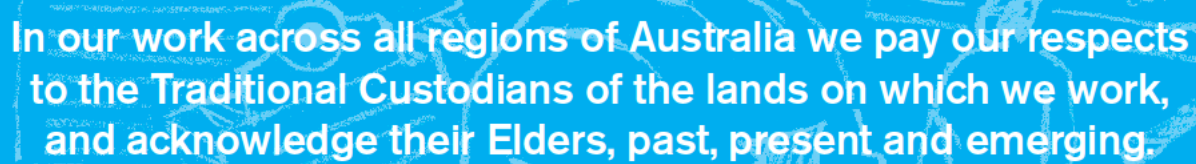
Project Directors

Local Content

Guidance Note

Including Context, Actionable Templates and Further Reading

REVISION 1.0 – SEPTEMBER 2020

In our work across all regions of Australia we pay our respects to the Traditional Custodians of the lands on which we work, and acknowledge their Elders, past, present and emerging.

Hughes *et al*
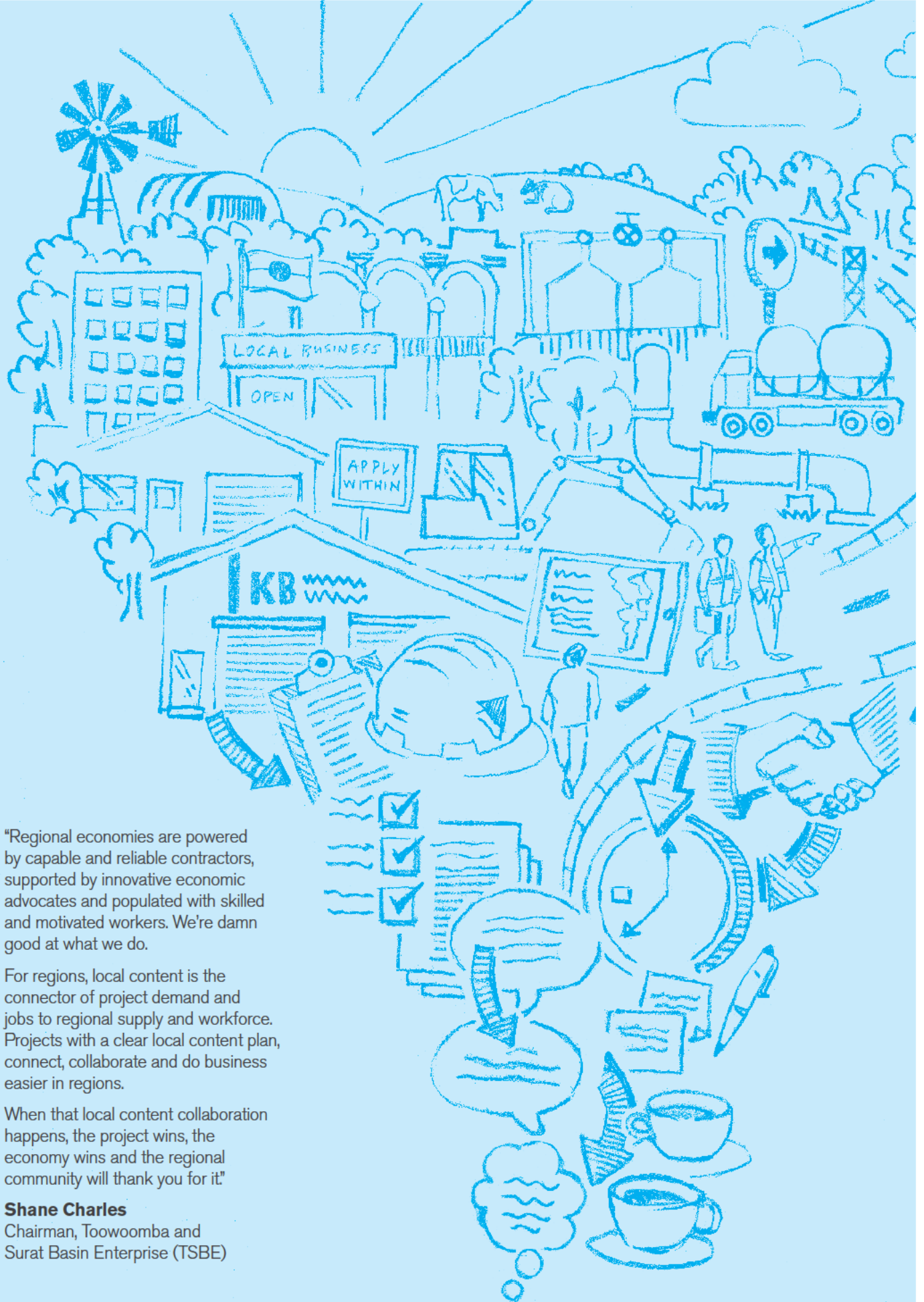
"Regional economies are powered by capable and reliable contractors, supported by innovative economic advocates and populated with skilled and motivated workers. We're damn good at what we do.

For regions, local content is the connector of project demand and jobs to regional supply and workforce. Projects with a clear local content plan, connect, collaborate and do business easier in regions.

When that local content collaboration happens, the project wins, the economy wins and the regional community will thank you for it."

Shane Charles
Chairman, Toowoomba and Surat Basin Enterprise (TSBE)

1. Purpose

Since 2008, Hughes et al have focused solely on implementing local content strategies for some of Australia's major resources and infrastructure projects. As experienced and specialist practitioners, we know that when resources and infrastructure projects recognise local content as a unique discipline and a dedicated function, it creates a large capacity to help many people.

Local content can help:

- investors to maximise their economic returns
- project proponents to support the approval process
- government to increase the public benefit of the project
- project owners to deliver on a brand promise
- project executives to increase certainty of delivery and value
- designers and engineers to identify innovation
- estimators and contract engineers to find market value
- project builders to mitigate risks, costs and capitalise on a range of opportunities
- workers to build careers on the back of projects they are motivated to work on

Externally, local content also helps to drive engagement with a market based on mutual value creation and collaborative circular engagement, rather than regulation, market mechanisms and constrictive and confusing policy.

When projects implement progressive local content strategies as a distinct internal function early in their lifecycle huge benefits can be realised for every dollar invested, and every job created by:

- fulfilling their publicly stated vision of economic growth
- creating employment opportunities with enabling local content contractual conditions
- focusing dedicated resources on internal practice rather than the external narrative
- forming a united team mission

We're enthusiastic about local content because smart businesses that help themselves can also help others by engineering out the inefficiencies between demand and supply.

The purpose of this document is to help stimulate some fresh thinking about local content, renew project discussion about how local content is defined and implemented and help signpost some new directions that projects could explore to increase economic contribution.

Although the document covers a range of topics in summary, the context is to always focus back on setting the construction phase up for success, because that's where the majority of the money is spent and the majority of the jobs are created.

Our local content 'why' means enabling more Australian manufacturing, increasing the amount of jobs created and filled with workers, and ultimately long term, sustainable regional development.

We hope this Guidance Note not only helps your project to define its internal processes but also helps you discover and define your own local content 'why'.

Use this space to capture thoughts that will help you define and implement your local content strategy

2. Contents

This document has been structured with actionable templates, practical tips and background information for the Project Director and their team to make the best use of their scarce time.

Project Directors can spend their time on:

- receiving an informative 30-minute local content status report expedited by the 'Local Content Stocktake' template. (Section 44)
- facilitating a 2-hour workshop to help the project team define a local content strategy that meets the project, economic and social outcomes with the 'Define Your Local' template. (Section 45)
- spend 30 minutes reviewing the development of your team's local content plan in a Local Economic Alignment & Participation Plan - a LEAP Plan for short. (Section 46)
- spend 30 minutes in an interview for a local content advisor based on the 'Job Description' template. (Section 47)

You can also select from a range of topics covering context, theory and lessons learned which are organised to make it easy for you and your team to focus on areas that are important to you.

We've organised these ideas around four very important questions that we ask as part of the LEAP Plan – you can look at each section as your 'background briefing' to that part of the plan. Each section can be read by the person within your organisation who is most appropriate to take action, so spread the word and forward it on to them.

We've broken the topics down as they relate to the LEAP Plan which is designed to answer these four key questions

L **LOCAL**
What is local?

E **ECONOMIC**
How can we help the whole regional economy?

A **ALIGNMENT**
How are we collaborating internally for success?

P **PARTICIPATION**
How are we interfacing externally for success?

Get started

So if you've only got 5 hours or less for local content then we understand, you do have a job to do after all.

Just look for Actionable Templates and get the discussion started.

You can read more when you get the time.

3. Topics and Sections

The topics of the Guidance Note have been separated out to help break up the subject matter into targeted sections. We have included links to these sections to make navigation easier and in a handful of sections re-enforced key themes to ensure the message isn't missed if the reader is just selecting some key reading, rather than completing the whole.

L E A P

Click this icon to return to this page

4. Key Message Summary

Each section of this guide contains a key message at the bottom of the page. We have summarised the list of the main messages here for you.

INTRODUCTION

Section 5. Take the Local Content Leap Take the time to prioritise local content strategy much earlier in the project lifecycle for optimal economic results.

Section 8. About You Projects have a huge potential to deliver economic and employment outcomes once they have defined and embedded an agreed local content approach.

LOCAL – WHAT IS LOCAL?

Section 9. Local Content Language You need to define your own local content language. If you are not talking the same language internally, you won't be able to deliver local content externally.

Section 10. Global, National and Regional Competition Australians wouldn't tolerate their sporting teams competing without a chance of winning, so why tolerate it for our economy, businesses and workers?

Section 11. Check what is Local Make sure you check there is a common understanding of the word 'local'. It can vary by region and industry.

Section 12. Time for Local Content The later that local content is adopted in the project lifecycle the less opportunity there is for Australian and regional participation.

Section 13. Tendering for Local Content Tender responses should have evidence of a Local Content process already undertaken, rather than promised later.

ECONOMIC – HOW CAN WE HELP THE AUSTRALIAN AND THE REGIONAL ECONOMY?

Section 14. Commercial Risk Hold mandatory internal inductions on competition law, conflicts of interest and tendering risks.

Section 15. Federal Policy Compliance A comprehensive and holistic plan becomes the foundation to deliver your compliance commitments on the ground.

Section 16. Federal Policy Principles It's entirely feasible to remain compliant within the spirit and letter of Federal policy, and still achieve excellent local content outcomes at a regional level.

Section 17. State Policy Principles Make sure the project aligns accurately with government policy, approvals and narrative.

Section 18. Local Content Opportunity Compliance is crucial, but it's only the tip of the iceberg. Identify where you can achieve program value and support certainty of delivery.

Section 19. Corporate Social Dividends Connect closely with your project region and don't be afraid to empower them – it's good for them and good for you.

Section 20. Project Social Dividends Smart local content enables numerous project benefits and creates social dividends sometimes for very little effort.

Section 21. Social Licence to Operate Investment in Social Licence to Operate is wasted if the region isn't given opportunity for contracts and jobs.

Section 22. Community Team Alignment Local content needs clear delineation and separation from social performance for maximum economic and employment outcomes.

Section 23. Economic Licence to Operate You can't talk about Local Content later if you haven't implemented it earlier.

ALIGNMENT - HOW ARE WE COLLABORATING INTERNALLY FOR SUCCESS?

PART ONE – THE LOCAL CONTENT DELIVERY MODEL.

Section 24. 'Owning' Local Content Outcomes Investors and owners' teams need to be accountable for both promising local content and also implementing local content.

Section 25. Local Content Leadership Leaders come at all levels and it doesn't take a lot of effort to be an effective local content leader if you pick your moments.

Section 26. A Team Journey Unite the team around compliance requirements to build confidence. Then, use local content as a tool to explore innovation through a number of functions.

Section 27. Local Content and the Circular Economy It costs very little to give constructive feedback and it is an important way to close off a process.

PART TWO – SYSTEMS AND IMPLEMENTATION.

Section 28. Internal Functional Alignment Define local content as a connector, facilitator and internal focus point that works with a number of interfaced functions at different times throughout the project lifecycle.

Section 29. Internal Functional Systems No one system can claim to be 'contemporary local' content. An 'Internet of Things' approach is needed to integrate local content across a number of internal systems.

Section 30. External Communication Systems Engineers will need to externally communicate early in the process for best success.

Section 31. Collaborative Contracts Cascading the responsibility for local content down to the subcontractors least equipped to deliver outcomes for regions and workers is a recipe for failure. Greater collaboration in contracts needs to start somewhere, so why not local content?

Section 32. Local Content Investment Invest in local content early, to save a lot of cost, time and risk later.

Section 33. Local Content Budgeting A function is only defined by its resourced commitment, so budget realistically.

Section 34. Measuring Success Key Result Areas should include early adoption, early communication, transparency on all opportunity and constructive feedback to the unsuccessful.

PARTICIPATION - HOW ARE WE INTERFACING EXTERNALLY FOR SUCCESS?

Section 35. Government Relationships Positive outcomes for project and region involve clearly defined stakeholder roles especially between project and government.

Section 36. Defining External Stakeholder Roles Local content is a shared narrative and a shared responsibility, projects can't and shouldn't be the only drivers. Spend time working through the alignment to ensure the stakeholders who want to share in the story are also willing to be accountable for their part of the delivery.

Section 37. Understanding 'Jobs' 'Jobs' is far more complicated than just a four letter word, especially in regions.

Section 38. The 'Jobs' Campaign The project's focus may be only on 'jobs' for workers on the project, but the local employment expectations are far broader.

TAKING THE LEAP - PUTTING THEORY INTO PRACTICE WITH THE LOCAL CONTENT A380

Section 39. Landing the Local Content A380 Project Directors need to check the mechanics are in place to bear the 'impact of landing'.

Section 40. Local Content Landing Gear Make sure you've prepared for a smooth landing, with everything in alignment.

Section 41. Wheels Down Take the time to align all plans, so your project is equipped to land the way everyone expects.

Section 42. Make it Easy to Land The Project Director (as the pilot) needs a whole crew and ground staff to make it easy to land the local content plane.

Section 43. Time to Land There's a number of ways to land a local content strategy but the key thing is to make sure you align the messaging with the reality.

5. Take the Local Content Leap

Many factors determine the success or failure of local content including:

- how the investor or the project owners' team 'owns' the outcome
- what it is written in the contract and the budget
- how the project executive leads the culture
- where the internal functions interface

However, the single biggest determinant of success or failure is the time in the project lifecycle when the local content practices are defined and implemented. Each project's local content strategy will be slightly different, but the one commonality is that the earlier a project implements local content, the better.

Currently, in almost all scenarios, adoption of local content is being left too late.

Defining local content correctly

If local content remains defined as only low-value procurement and subcontractor employment after a main works contract award, then it will continue to fall short of the expected potential. These functions are often unable to deliver optimal local content because they arrive too late in the project investment cycle, and as such are unfairly required to deliver outcomes and expectations that they are contractually unable to achieve.

Low-value procurement and subcontractor employment have a significant role to play in project and regional development but are only two of the functions that define a broader more holistic contemporary approach. Local content needs to be defined, commissioned and implemented by the investors at the beginning of a project, not left to the main works contractors' procurement and human resources teams to pick up the slack at the end.

A collective leap in thinking is needed to implement local content earlier in the project lifecycle. This leap places local content as "a function of the approvals, design and tendering processes, where there is time and capacity in the program to 'go shopping' in the Australian and regional markets."

In reality it starts here

The dominant logic is that local content starts here

| Client Approvals | Design/Engineering | Long Lead Item Procurement | Tendering | Construction Procurement | Construction Employment | Programs Delivery | Client Operations |

Main Works Contract Award

Diagram 1. Where local content should start.
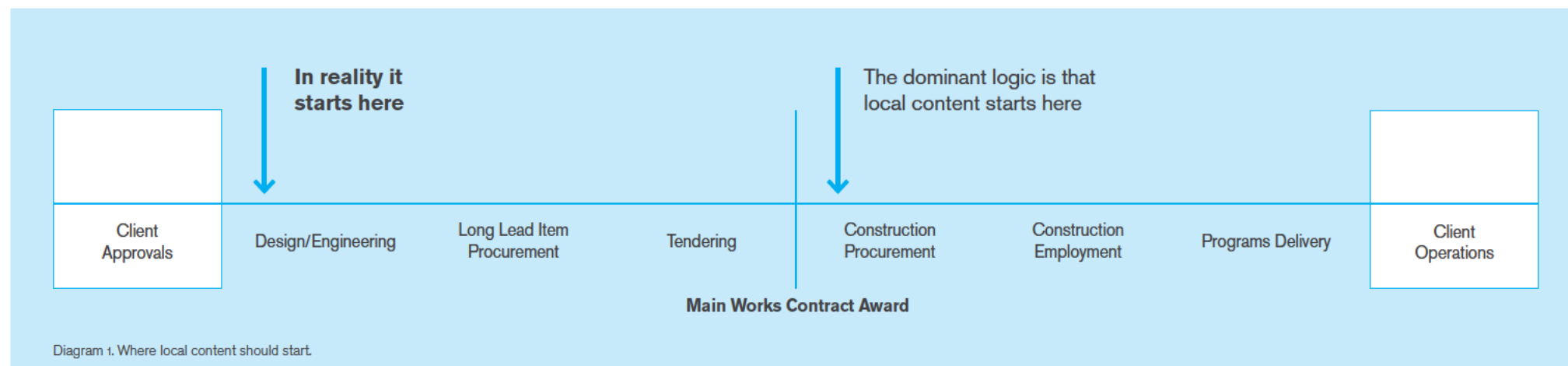
Earlier the better

'Shopping' early in the project lifecycle makes the team smarter by engaging in research and dialogue to prepare a ready and realistic market to be able to contest for work. The main works procurement and recruitment teams will later rely upon this market to source goods and labour.

The earlier that local content practices are adopted and implemented the greater the project and the public benefit from the investment being made and the more likely that Australian investment can be structured and larger packages of work unbundled.

Earlier adoption of local content means engineers have the time to scrutinise innovation and 'design in' Australian manufacturing standards and options correctly. The Australian Steel Institute (ASI) provides significant information regarding standards which can be found in the references.

Contracting strategies are able to be developed earlier and the market tested more thoroughly before being handed through to procurement. Where gaps are identified in the market, external stakeholders can be engaged early enough to undertake sector and supply chain development to increase capability and capacity.

Estimates can include innovation, contract clauses can be written, subcontractor plans can be approved and a centralised and collaborative approach to economic strategy can be designed and included in tenders which contractors can price effectively and include in their responses.

Human resources professionals can target regional employment and training plans and are afforded the time to develop an upskilling strategy and target training course development. Rosters and human logistics plans can be adapted.

Ultimately, early adoption of local content materially increases the public benefit. Not only does early local content increase the economic market share it also allows the regions where the project is based to plan, build capability and prepare to leverage not only the asset or infrastructure that has been developed, but also the lesson learned from participating in the process. Every project is a catalyst of immense value.

Who becomes impacted the most when local content is left too late?

The tendency to leave local content to the last minute impacts a range of stakeholders and groups but it disadvantages the manufacturing sector and regional communities the most. When the focus of local content becomes trained on the beginning of civil works then the largest opportunity for manufacturing has already passed. When the focus of external stakeholder engagement becomes dominated by the risk of disrupting the region, the opportunity for innovation and capability building is severely diminished.

We know from experience that the later local content is left in the project lifecycle, the smaller the chance of success and the less the public benefit. Projects that don't position and invest in local content early will always pay for it down the track. So rather than waste time, money and reputation later, the project team needs to commit to repositioning local content in the lifecycle earlier to save time, money and build reputation.

Key Message: Take the time to prioritise local content strategy much earlier in the project for optimal economic results.

"You'll find the key messages at the end of each topic"

6. Acknowledgements

First Nations People

We firstly acknowledge Australia's First Nations people, the original locals. In many regions and projects, the language of local content is defined through Indigenous Participation Plans (IPP) across both resources and infrastructure projects.

For clarity, we draw a respectful distinction between Local and Indigenous content. Given the range of extraordinary champions and leaders that cover Indigenous in both industry and community, our best advice would pale to amateurism by comparison, and providing comment would simply be inappropriate. In the pursuit of Local, we never forget a commitment to reconciliation or the importance of cultural relationships.

We frequently work collaboratively with Indigenous Participation Advisors and have learned through mutual respect and similar purpose to partner closely to develop internal solutions. The guidance contained within this document assumes an interface with an existing Indigenous Participation Plan.

Local Content Advisors

There is a small band of full-time local content practitioners in the resources and construction industry who constantly drive to deliver local content case studies and learnings. We thank them for their input and review of this document.

Project Local Content Supporters

Many professionals engaged in resources or infrastructure projects may not have local content in their job title but have local content in their veins. Many of them were delivering on local content expectations in regions before the term was even invented.

We recognise the contribution of time, energy and often, the reputational risk that both local and FIFO project staff give to local content and regional development. We know your enormous appetite to do more, and we hope to help you make that a reality.

Regional Economic Professionals

Practising local content inside a project is one thing. Engaging with a region in a way that makes it easy to do business is quite another. A big part of successful local content is engaging regional economic professionals working in Government, Council, Chambers and development groups.

As influencers we acknowledge the work of the Queensland Local Content Leaders Network in really defining their 'local' and the approach of the Western Australian Government to deploy resources and people on the ground, in regions.

7. About Us

We certainly appreciate that local content can create social value, but our area of focus, particularly in regional Australia, over the last 12 years has been how to make local content valuable to the economy and the project schedule as the main priority. Some ways we've done this are by:

- mitigating risk of supply, reliability or reputation
- creating opportunity through market competition
- effective alignment with economic advocates
- reduction in mobilisation
- creation of smarter employment models

Successful outcomes have been:

- reducing construction costs by up to 8%
- reducing operational costs by up to 2%
- reducing process time from weeks to hours
- providing longer-term career models that are more attractive to skilled workers

Social outcomes are important and we support the intent of a triple bottom line approach, but ultimately and realistically, with matters relating to supply and demand, cost and supply, contemporary local content needs to align mostly to the traditional bottom line.

We may talk in the language of major projects, these being projects in excess of $500 million in capital value, but we hope to be just as relevant and helpful for any construction project, regardless of size. If the project has a design, approval, tender and construction phase then there is local content opportunity. Every project, every dollar and every job is important.

Although the focus of the guidance may be on regionally based projects the embedment of internal local content practices is also important for city based projects.

Any critique of the external market is neither accusatory nor intended as political comment. The systemic issues of local content date back years, and span generations of government and political persuasions. Issues are often the unintended consequence of well-meaning policy and strategy decisions taken a long time ago.

Australia would benefit from robust conversation about local content strategy, but Australia is also one big local content glass house, so we don't intend to start throwing any stones. Our preference is for sober, factual dialogue about local content solutions that help economies and regions win contracts and fill jobs.

Finally, in the interests of disclosure, we have marked instances in this document where the reader should consider our advice in the context of the services we provide – just look for the *asterisk.

For more information about Hughes et al go to the appendix or visit our website.
www.hughesetal.com.au

Now, what about you?

Capability Statement

Local content projects since 2008:

- Shoalwater Bay Training Area
- Snowy 2.0
- QGC Shell
- Adani Carmichael Mine & Rail
- Queens Wharf Brisbane
- QGC Project Charlie
- QCLNG 18 + 4
- Multiple contractors/tenders

Recruitment process projects prior to 2008:

- Rio Tinto
- Queensland Department of Main Roads
- Alexander Mann Solutions

  ANZ Bank

  Hewlett Packard

  Suncorp

  Atos Origin

  Chello Broadband

  boo.com

  UBS Warburgs

8. About You

If you are someone with influence on a project's approvals, design, tendering or construction phases, there's a very good chance that you gained tertiary qualifications with an ambition to develop and construct infrastructure. You may now find yourself in a position of not only managing a large capital works program but also needing to work out how to help re-engineer an economy.

The style of writing dictates a focus on Chief Executive Officers, Project Directors, Bid Directors and their senior Executives (referred to collectively in this document as 'Project Directors') as the ultimate signatories of plans and champions of culture. However, we hope this guidance is also relevant to anyone involved in the approval, design, tender or construction phases of a project.

We've worked with you for years. We respect your nation-building project experience and your commitment to buying Australian and creating jobs in regional areas. We believe that, given the opportunity to do more with local content, the vast majority would grab the chance with both hands. We also believe you are crucial to economic recovery, creating jobs and growth.

Local content is always delivered best however by the people at the coalface and on the project sites. These are the leaders of real national economic recovery and employment benefits. If Project Directors can engineer a better 'local content wheel' then there are many willing shoulders that will collectively push.

With disrupted global supply chains, competitive currency and the need for Australian manufacturing, jobs and regional sustainability, there has never been a better time to demonstrate and implement a project's local content potential.

Having a clearer national definition of local will make life infinitely easier and having a marketplace that offers value and is easy to connect with easier still. However, if the Project Director and their team don't align understanding of their own internal definition of local, then good local content outcomes rarely happen.

Consider this document as a starting point or an opportunity for the refreshment of a project's current strategy, rather than a finish line or the defined article of your local content approach. That needs to come ultimately from the project.

Key Message: Projects have a huge potential to deliver economic and employment outcomes once they have defined and embedded an agreed local content approach.

L

LOCAL
What is local?

E

ECONOMIC
How can we help the whole regional economy?

A

ALIGNMENT
How are we collaborating internally for success?

P

PARTICIPATION
How are we interfacing externally for success?

LOCAL

What is local?

Now we're getting into the basics of local content.

If you're reading this Guidance Note, you should understand this information at a minimum in order to implement local content.

9. Local Content Language

Having a discussion about local content is easier said than done. Why the confusion? Basically, when it comes to the words local and content, everyone talks a similar language, but not the same tongue. The issue being that the dialects and accents that describe local content are many and varied across Australia. We are often talking at cross purposes.

Don't panic however, there's more than one definition for footy in Australia, but everyone still manages to watch the game that they love on Friday night. Navigating definitions is achievable but why does it matter that local and content are defined accurately? The answer is simple, it costs the economy billions and prevents the creation of regional jobs.

What does local mean?

For major projects (>$500m) the source of the confusion comes from the Federal government definition of the word local as including all of Australia and New Zealand. This may make sense at a policy level (given Australia's participation in a global economy and alignment to Free Trade Agreements), but at a day to day level, this definition of local is more likely to confuse and dilute meaningful support.

State government definitions aren't always much more helpful. In fact, most government policy at a federal, state or local level actually has the same policy genealogy leading back to this unhelpful definition of local.

Further reading on Federal and State Policy is included in Sections 15 – 17.

Content isn't much clearer. Depending on which State you are in, content can mean Indigenous procurement, social procurement or government procurement – three very different things. It can also mean jobs, training and workers – again, three very different things.

If you sat 10 Australians in a room and asked them to define local content, you'd probably get 20 or 30 different answers. Then, when you factor in the geographical mobility of construction projects and workers, you can understand how you end up with a kaleidoscope of interpretations of what local content means.

Regardless of what the external market is saying however, internally the project needs to be clear on:

- a definition of both 'local' and 'content'
- when local content should be applied in the program
- who shares the internal responsibility for implementation
- who will be the external stakeholders that support the strategy

We offer some extended thinking about a new definition of local in Section 11 but within this document we stay true to the major project definition of local.

For the record, our guidance is written in the language of regional Queensland, regional New South Wales and with a touch of Western Australian (enough to order a beer anyway). The dialect you may pick up covers mining, coal seam gas, utilities, defence and roads. The accent you hear emphasises local content as a function to reduce project costs, time and program risks, but always looks for opportunities to provide regional social value.

Key Message: You need to define your own local content language. If you are not talking the same language internally, you won't be able to deliver local content externally

10. Global, National and Regional Competition

From the outset, it's important to know that this guide won't prescribe where projects should buy their goods, services and employ their labour. There is no geographical entitlement to local content outcomes, however there should be a geographical entitlement to local content opportunity.

The best local content strategy always includes global, national and regional competition with the aspirational outcome being:

- the Australian or regional engineering solution provides the best solution
- the Australian or regional financial proposal provides the best value
- the Australian or regional supply chain involvement is maximised
- the Australian or regional labour is skilled and capable

However, the local content function cannot determine these outcomes alone. Major projects need to select globally and nationally based on a range of factors, only one of which is geography. Furthermore, it is incumbent on the market to also offer a compelling value proposition. The biggest mistake supply chains make is to assume some geographical sense of entitlement because of where a project is based, or how the project has been communicated. A misplaced sense of entitlement can manifest itself in a tender as a higher price and lower innovation which frequently results in disappointment. The entitlement is for opportunity, not outcome.

Why think differently?

Think of it this way. If local content was a sport, currently the odds would be stacked against Australia (and especially regional Australia) because of the rules that define, articulate and implement local content. These rules are created by Australians for Australians, and yet actually disadvantage Australians. In its current form Australian local content makes little sense – in fact on the whole, it's ironically un-Australian.

The way the local content rules work right now, not only is the home team disproportionately disadvantaged in the name of compliance, when the away team lands in Australia ahead of the Test series they are given a copy of the Kangaroos back line moves, an exclusive look at that wicket ahead of Boxing Day and the night before, the Wallabies will poison their own curry.

That's local content. In its current form it is a definition that at best is confusing, and at worst it damages national, regional and worker interests on our home ground to the tune of billions of dollars. If Australia wants a better local content result it needs a better local content game, and a better local content competition to level the playing field.

For several years, the collective attitude that local content should be seen only as a function of compliance has resulted in a national acceptance that sees the overwhelming amount of projects lacking ambition, innovation and creating a dominant logic that local content is a risk to be managed by external stakeholder communication and implemented by low-value procurement and short term casual employment. Defining local content in such a constrained way is economic madness and it's the equivalent of coaching a team to have long range, hopeful shots on goal when if they just lowered their eyes, they would see Sam Kerr free and unmarked in front of goal.

The current understanding and definition of local content doesn't do enough to support Australia, its regions and its workers. Policy change and evolution is needed at three levels of government, to affect the ability of projects to maximise economic and employment outcomes. Although some State governments are already updating their approach to optimise their settings for maximum economic and employment outcomes, change will take time and will involve:

- government, industry and union collaboration
- accuracy and candour in external communications
- realignment of the services provided by market advocates to projects
- more focus on strategic, practical and relevant solutions
- a focus more on practical solutions rather than academic theory
- broadening the definition of employment to mean more than just training
- weaning service providers off the addictive drug of short-term training courses

The external market will take time to evolve with governments, suppliers and workers having the greatest influence on what happens externally. However, project investors, owners and Project Directors can do plenty right now to improve their own internal local content practices, optimising economic and employment returns and creating better ways of engaging the market.

This is the nature of our expertise and the pupose of this guide.

Key Message: Australians wouldn't tolerate their sporting teams competing without a chance of winning, so why tolerate it for our economy, businesses and workers?

11. Check what is Local

Misinterpretation of the word 'local' happens daily. It costs the country billions in lost economic opportunity and is a huge drag on the manufacturing sector especially. Highlighted below is a typical conversation that happens frequently in projects, and always stems back to a confusion about the definition of 'local', ironically mostly by Australians.

International Partner/Design Engineer/Senior Australian Executive says,

"In the client's tender documents, it says over the next couple of years we must test the local marketplace for supply and labour".

(This person is orientating their geographical perspective around the Federal documentation they have read and understands that 'local' means anywhere in Australia and New Zealand. At this early stage of the project the person is likely thinking about long lead procurement items and skills that need to be purchased/developed well in advance of construction).

Australian Partner/Construction Engineer/Community Manager replies,

"Don't worry about that for the moment. We'll pick up some civil companies to move the earth around in construction, they always employ the most locals".

(This person is orientating their geographical perspective around their own definition of local which may include personal reference points such as their 'local' pub or most irate Mayor).

Variations of this conversation happen all the time and when they do any window to investigate Australian steel, manufacturing, upskilling and financing options for Australian-owned businesses and Australian labour has closed for good. **Gone**.

This window of opportunity could be open for months, even years and could be time spent on developing supply chains, engineering in Australian manufacturing or building regional capacity, but instead, all too often it is skipped over, all because of a lack of clarity of the word 'local'.

It's a great irony of local content that often senior international Project Directors, accustomed to developing significant economic strategies in places like Asia, South America and Central Europe, turn up to Australian projects and effectively get told, "She'll be right, we'll worry about that later". "Okay," says the baffled Project Director, not looking for something more to do.

The people who suffer the most from this definition are the regions, because even when the project doesn't require international supply and the region's expectations of involvement are at their highest, an ambivalent Project Director can just shrug their shoulders and say "local means anywhere in Australia and New Zealand". When that happens, the region's economic opportunity falls off a cliff.

Australia is a global trader, and international procurement and employment is a crucial driver of the national balance sheet and global knowledge transfer. If Australians can't compete, then they shouldn't win the contract and those are long held 'underdog' values of the Australian psyche. But at present, Australians aren't even getting a fair opportunity to compete in their own game on their home soil and the barriers to this are the very rules and language used in Australia. Australian language is stopping Australians having a fair go.

The table below proposes a suite of definitions that we feel would make life a lot simpler.

ANZAC Content	Anywhere in Australia and New Zealand.
Australian Content	Anywhere in Australia.
[Insert Name} State Content	Anywhere in the State in which the project is being developed according to that State's policy definition.
Local Content	As defined by the Councils and Economic Groups in the project footprint. e.g. The Queensland Local Content Leaders Network definition.
Indigenous Content	As defined in the project Indigenous Participation Plan.
Social Content	As defined in the project Community Participation Plan.

Table 1: Proposed new definitions for local.

The term 'local' shouldn't be seen as a national catch all term that describes the whole country in an international context, there are other words that can achieve that. The term local should be far more relevant to the project, their industry and the immediate community the project is working in.

At an industry level Defence provides clarity with their requirement for Australian Industry Content (AIC) and at a regional level the Queensland Local Content Leaders Network has a definition of local that provides clarity to projects on their regional expectations when working in their region.

The references section provides link to the AIC definition and the research undertaken by SC Lennon and Associates in the creation of the Queensland regional definition.

Key Message: Make sure you check there is a common understanding of the word 'local'. It can vary by region and industry.

12. Time for Local Content

You can have a quality local content plan and budget, but none of that really matters if the timing of your local content strategy is off.

Local content needs to be seen as a function of approvals, design and tendering. This means the local content function is evident, involved and delivered in preparation for construction - rather than tacked on as an afterthought.

Leave enough time for:

- engaging and preparing internal and external stakeholders
- assessing market capability and capacity, testing Australian and regional innovation
- providing time for establishing financing arrangements and joint ventures
- launching market research into regional skills and suppliers
- informing the development of employment and upskilling strategy
- informing the development of suppliers and subcontractors

So, the Project Director's question becomes, "When do I take my cues on how to time local content?"

Hot tip: Don't take a timing cue from the external communications or media strategy. They can often represent the end of the opportunity not the beginning.

External communication is important in achieving local content success, and good news stories should be celebrated. When communication announcements align with the local content strategy it can be incredibly powerful, but often, this is not feasible for a range of equally legitimate and head-scratching reasons.

It is better to find the local content timing cues by working backwards from the forecasted date of procurement and/or employment and asking:

- how long would it reasonably take for a business to build their capability and balance sheet to deliver this scope?
- how long would it reasonably take for a supplier to attain prequalification to be competitive during tender?
- how long would it reasonably take for a worker to gain the skills to be safe and productive in the job?

In supply categories that are typically sourced from the global market, it may take an extended period to answer the first two questions. To achieve meaningful Australian competition, local content may have to start a few **years** ahead of actual procurement. If it is a case of sending staff to get their working at heights ticket, then timelines are more forgiving.

Either way, the guidance for Project Directors is to look through the project's supply chain logic and identify the key timelines of financing, procurement and employment.

From there, working backwards determines how long it will take for new entrants to become financially secure, pre-qualified and genuinely competitive. That's where local content timing starts.

Key Message: The later that local content is adopted in the project lifecycle, the less opportunity there is for Australian and regional participation.

13. Tendering for Local Content

The best local content results in construction are always achieved when local content is made a genuine point of competition during the tendering phases and where contractors who have undertaken a genuine local content process during tender are rewarded by weighted criteria in the selection process. Once the contract has been awarded, the majority of local content activity should be completed.

Dependent on whether the contract is for a Design & Construct (D&C) or a Construct only package will determine the response approach and the inclusions but as a rule almost all local content work needs to be completed in design and prepared in readiness to construct.

Each project will have its own criteria for tendering and contractor selection, however there are some common actions that projects can undertake.

What can the project do to help set up the tenderer for success?

Primarily it is incumbent on the project to allow the tenderers enough time to test the market ahead of their submission and include local content in the estimates. In our experience, these simple actions help to set the tenderer up for success:

- The project should be very clear on their definition of local and include clear geographical frameworks to ensure consistency of language and approach.

- The project should provide a list of external economic and employment stakeholders who should be engaged through the tender process.

- The project should provide details of any strategy that they expect the tenderer to support. This is most effective when focusing on shared employment.

- The project can list Expressions of Interest on the ICN Gateway ahead of the tender process and then provide these supplier lists to the tenderers for use in estimation.

- The project can provide local content plan templates for completion and submission to help the tenderer not only respond effectively but also ensure the responses align with the client's broader strategy.

- The project should share the contract clauses they will be expecting the tenderer to operate under emphasising that any commitments made in the tender will be contained within the contract and be subject to performance review. Poor performance can result in the contractor's default.

The biggest mistake that a Project Owner's team can make is to state that "It's up to the contractors to deliver local content" and then not allow them to engage the market in tender or provide them a local content scope to price in order to have the resources needed to deliver the strategy if awarded.

What can the tenderer do to present their construction only tender successfully?

The ultimate outcome of a tender process is that the awarded contractor should be able to implement a local content strategy from the moment the construction contract is awarded.

If the tender submission has been exclusively prepared by the marketing team, relies on case studies of previous glories, references only public relations level engagement with a range of external stakeholders and ultimately has a dominant narrative that says "after the award of the contract we will......" then the project should question the depth of local content submission.

On the other hand, if the local content submission has been prepared by the procurement manager and human resources manager, who have been active participants in the development of the strategy, the bid manager is able to accurately describe the process that has been undertaken to date and there is evidence of thorough market engagement in the preparation of the tender estimate then the project should be more encouraged by the approach taken.

Ultimately the tender submission narrative should be "In the preparation of the tender, and in readiness for award, we have already completed the following steps………."

Key Message: Tender responses should have evidence of a Local Content process already undertaken, rather than promised later.

ECONOMIC

How can we help the Australian and the regional economy?

In this section we set the scene for minimum compliance, the opportunities beyond compliance, and the social and economic benefits that local content brings to your project

14. Commercial Risks – In a Nutshell

A project that nominates a dedicated resource to local content needs to be aware of commercial risks in a range of areas of contract and employment law. This includes the areas of:

- competition
- conflicts of interest
- exchange of information
- data privacy
- misleading advertising
- industrial relations

Inducting the local content advisor on the commercial risks of tendering and all matters relating to probity is mandatory. Generally, the local content advisor should see information that relates to procurement scope, price, and terms ahead of tenders and other significant commercial decisions. Confidentiality should not be assumed. The Project Director must assess any risk of disclosure or disruption, intended or otherwise, to the procurement process.

The local content advisor must be explicitly trusted never to discuss commercial matters in the public domain and have relevant non-disclosure agreements in place. A local content advisor never gets involved in a discussion about price with a potential supplier. Ever.

At a package level, the local content advisor should have input on the general tender assessment process and the conforming of contracts. However, when it comes to the final procurement decision, the golden rule should be to consider that the local content function is automatically conflicted, given that they will have a range of external relationships, both disclosed and unknown, and a natural geographical bias.

Internally, a procurement officer should never be put in a situation where they are pressured to procure against any other standard than the head contract. If the geographical pressure for local content is that great, then the procurement officer should refer the head contract for a revision based on the contract being not fit for purpose (and expectations).

Externally, a local content advisor may find themselves at a public event talking with a group of local companies at the same time who may be about to tender for the same work package. In that situation there is a range of risks under competition law. Should price or terms ever be discussed, there is even a risk of being complicit in the establishment of a cartel – this is especially important for local content advisors to avoid!

Remember these silent but deadly risks:

- **Supplier development** - commercial distance is necessary in the supplier development program to insulate procurement from any unintended bias. Ensure there is provision for conflict of interest.
- **Cost of conflict** - an umbrella term for any downstream risk caused by poorly communicated local content strategy. This can manifest itself from procurement disputes to approval delays. Costs can add up to millions.
- **'Pick a winner'** - an old school classic band-aid, rarely found now. Sole source provision is legitimate procurement practice, picking winners isn't. Beware the losers.
- **Reputational risk** - investment in external communication is worthless if the project has a bad reputation on the ground for work conditions, contract terms and supplier payments.
- **Loss of goodwill** - in every billion-dollar project, there's always a $100 widget or a piece of plant needed in a hurry. Treat the market poorly, and you'll pay in response time and premium prices.

Finally, misleading advertising of work packages or jobs is a point of huge frustration for suppliers and workers alike who take time to complete submissions and pin hopes on outcomes. In some instances, the project can be breaking the law by doing this. Publishing already determined scopes is even worse when done purely for the sake of compliance, with the knowledge that the decision has already been made.

Don't waste the time of small businesses - make opportunities real.

Key Message: Hold mandatory internal inductions on competition law, conflicts of interest and tendering risks.

15. Federal Policy Compliance

Federal and state approaches to local content all come from the same policy genealogy, leading back to national free trade agreements (and the definition that incorporates New Zealand as 'local'). From a compliance point of view, the most substantive differences between the federal policy and the state policies are confined to reporting parameters and ensuring adherence to state laws.

At a federal policy level, any project in Australia valued over $500M needs to comply with the Australian Jobs Act 2013 (cth) and submit an Australian Industry Participation Plan (AIP Plan). This AIP Plan then becomes an approval commitment and a head contract condition. Having an AIP Plan also applies to federal government contracts over $20M.

In saying that, the $500M threshold was set around two decades ago when faxes were state of the art technology and business conditions were quite different.

Regardless of the project size, our guidance is to apply both the federal policy principles overlaid with the state government requirements which will result in a compliant outcome.

The diagram below illustrates a typical major project compliancy hierarchy starting at the top with the Australian Jobs Act 2013 (*cth*). The Australian Industry National Participation Framework provides the operational definition for the Act.

To comply, the project owner develops an Australian Industry Participation Plan (AIP Plan). The AIP Plan is combined with state government, local government, and First Nation approval commitments, which are captured and resourced in the Construction Contract. Operationalising all of this is the LEAP Plan.
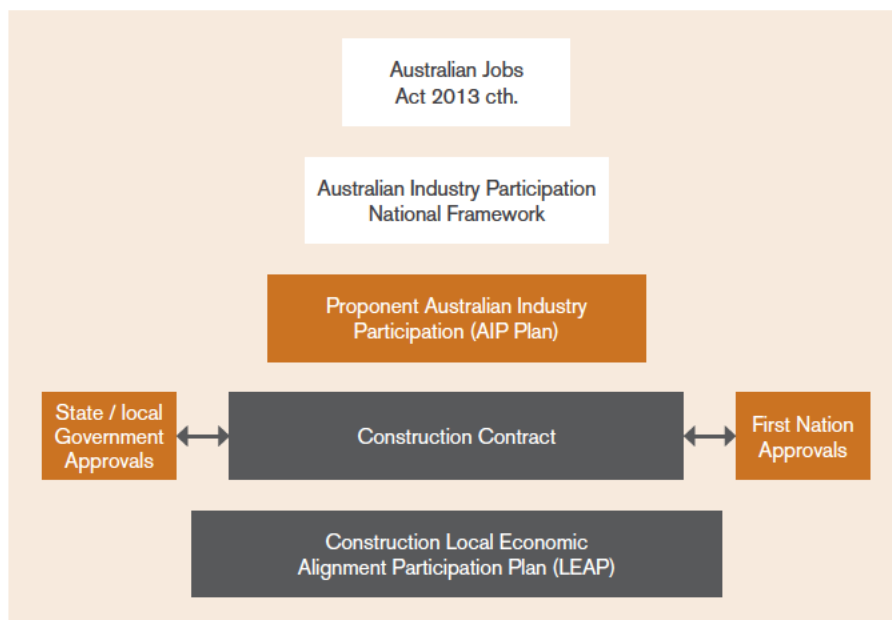
Diagram 2: A hierarchy of local content compliance

Links to the relevant Federal Policy documentation and other information about AusIndustry can be found in the references section.

Key Message: A comprehensive and holistic plan becomes the foundation to deliver your compliance commitments on the ground.

16. Federal Policy Principles

The underlying principles of federal compliance are contained in the AIP National Framework, released in 2001. Although in desperate need of refreshment, many of its original aims still ring true. Over time however, an emphasis on a 'nationally consistent' process and a focus on 'full, fair and reasonable' means that, in reality, the Framework has become watered down and has lost much of its intent to support regions and workers.

Definitions are listed as:

- **Full** - Australian industry has the same opportunity as other global supply chain partners to participate in all aspects of an investment project (e.g. design, engineering, project management, professional services, IT architecture)
- **Fair** - Australian industry is provided the same opportunity as global suppliers to compete on investment projects on an equal and transparent basis, including being given reasonable time in which to tender
- **Reasonable** - tenders are free from non-market burdens that might rule out Australian industry and are structured to provide Australian industries the opportunity to participate in investment projects

This means key compliance actions required of the project team are to:

- design and engineer to Australian Standards
- unbundle scopes of work to allow increased local competition
- provide transparency of opportunity early enough to assess local competition
- give feedback on supplier performance to develop local capability
- work in collaboration with external stakeholders

However, a focus on a national response, framed around overseas free trade agreements, does not meet contemporary expectations. Government, regulators, service providers and local content practitioners should be encouraged to also find elsewhere in the AIP National Framework the statement quoted below:

"Recognising the needs and aspirations of regional communities, governments have the flexibility to respond to regional issues within the AIP National Framework. Governments work to develop partnerships with communities and industry to meet the challenges facing regional Australia."

Achieving better national local content outcomes requires the rigour of some national processes. However, if projects have the ambition to be innovative and work more collaboratively with regions, they should take comfort that regionally specific solutions are also considered 'compliant' within the AIP National Framework. Projects can legitimately channel their energies into regionally responsive local content strategy.

Finally, it is worth knowing the AIP National Framework is also the reason that local is so often defined as 'Anywhere in Australia and New Zealand' as the Framework aligns with the Australia New Zealand Government Procurement Agreement (ANZGPA).

Key Message: It's entirely feasible to remain compliant with the spirit and letter of Federal policy, and still achieve excellent local content outcomes at a regional level.

17. State Policy Principles

Federal policy, through the AIP National Framework, provides an umbrella framework for state government local content policies under the title: 'Free of interstate preferences':

"States and Territories reconfirm that they will not use State/Territory purchasing preference arrangements, providing maximum benefit to industry across Australia and fostering Australian industry competitiveness."

From a practical point of view, this means the main differences between federal and state policy regularly comes down to just the reporting requirements.

Often, the political messaging and narrative at state level can cause confusion. Often when state government communicates about local content they can fail to distinguish clearly between:

- local content policy for them as an investor and/or client
- their expectations of local content policy on projects they approve
- their understanding of the word 'local' and what it means

It is common for state politicians to demand 'local' for their state, while in actual fact, they are actually inviting national supply. The use of the word 'local' may play well in the media to the general public, but to the people who are actually making the commercial decisions about where to spend the money, it can sometimes mean a green light to do the precise opposite.

Adding into that the political narrative is always a jobs-based message meaning the definition often gets lost in communication. As a result, it is easy to confuse compliance and expectations and so it is important to become familiar with the applicable state local content policy and also to get clarity on how individual state government departments are using the word 'local'.

One leading example of clarity is the Queensland Department of Transport and Main Roads who took the simple yet rare step of defining precisely what local means to them and their expectations in a recent public briefing. This clarity of message on the definition of local is incredibly important and Project Directors should always ask very early on in the process 'how do you define local?'

In projects over $500m it is a common mistake for project owners to make the assumptions about the meaning of the term local only to find out after the contract is signed that maybe some more attention should have been paid to how the term is defined.

We unpack the word 'local' further in our 'Local' section and look at Project/Government relationships in our 'Alignment' section.

State governments have already started to adapt local content policy. For example Queensland has set a 25% target (lifting to 30% by 30 June 2022) for all government purchases to be made from Queensland small and medium size businesses. The Western Australian Premier has made announcements about a reduction in the use of FIFO workers on regional projects.

Links to individual State Policies, valid at the time of writing, are below:

ACT
https://www.procurement.act.gov.au/policy-and-resources/factsheets-and-policies

NSW
https://buy.nsw.gov.au/policy-library/policies/procurement-policy-framework

NT
https://nt.gov.au/industry/government/sell-my-goods-and-services-to-government/buy-local-plan

QLD
http://www.statedevelopment.qld.gov.au/resources/charter-for-local-content.html

SA
https://industryadvocate.sa.gov.au/policy-and-resources/

TAS
https://www.purchasing.tas.gov.au/Documents/Buy-Local-Policy.pdf

VIC
https://localjobsfirst.vic.gov.au/__data/assets/pdf_file/0019/25273/Local-Jobs-First-Policy-October-2018.pdf

WA
https://www.jtsi.wa.gov.au/what-we-do/industry-development/industry-participation/buy-local-policy

Key Message: Make sure the project aligns accurately with government policy, approvals and narrative

18. Local Content Opportunity

So why do more than just compliance? One of the benefits of having diversity in the interpretation of local content is that there are a range of ways that a dedicated local content function can engineer benefits for the project program. Projects with a strong local content function can:

- decrease capital costs
- reduce operational costs
- avoid human logistics costs
- reduce process time from weeks to days

The key barrier to realising these benefits is that projects are often very poor at 'going shopping'. And if you had to describe local content in a word, that word would be 'shopping'.

Whether buying a car, a holiday or a substation, we shop. When you shop, you shop for value and you get value by introducing competition. Shopping can create huge value and lead to smart decisions when given the time. Shopping can also cause a range of impulse decisions when rushed.

Value-engineering the connection between the project's demand for goods, services and labour with the experience, supply chain and labour of the project region is how to optimise program and/or economic value.

Better engagement between supply and demand for most projects should create a range of efficiencies that can mitigate risks and leverage opportunities. Local content should more than pay for itself given the range of benefits it can bring. Local content could benefit your project by increasing:

- engineering optioneering
- construction optioneering
- supply chain competitive pressure and performance
- labour pool availability and more targeted upskilling
- control over resource allocation during construction
- response times and performance of suppliers
- goodwill in negotiations for approval and supply
- efficiency in subcontractor management, administration and reporting
- narrative control and reputation management
- ability to respond to positive currency fluctuations
- value from international partnerships through knowledge exchange
- assistance for the Indigenous Participation Plan (IPP)

At the same time, the project can benefit from reduced:

- mobilisation and human logistics costs
- executive management time and reporting drain
- exposure to variations, disputes and variable cost risks
- legislative and contractual compliance reporting industrial relations risks

Key Message: Compliance is crucial, but it's only the tip of the iceberg. Identify where you can achieve program value and support certainty of delivery.

19. Corporate Social Dividends

For local content to fulfil its potential in supporting economic development and regional development, its focus should be on reducing time, cost and risk in the project's approval, engineering and construction phases. For local content to prosper, it has to be commercially relevant. That's not to take away from local content programs that focus on social outcomes however – in fact, quite the reverse.

Like many local content professionals, social outcomes have been at the centre of our purpose for 12 years. Our whole journey started from the rather simple notion of trying to help regional communities become more sustainable through better employment strategy.

What we've learned on the way is that the best social programs are underwritten by a commercial business case that also generates social dividends. There are a number of examples in Australia where economics, project program and the ambition for social value combine, but none compare to the Local Buying Program, delivered by C-Res in strategic partnership with BHP.

The Local Buying Program story

The Local Buying Program may only include regional small business procurement in its scope, but other projects can learn significantly from their execution. When the program started, the strategy was based on the commercial proposition that the management of small order, low value procurement items (for a company such as BHP) in the regions in which they operate could be executed through a dedicated regional partnership.

Starting in 2012, C-Res has gone on to be nationally recognised and globally adopted in BHP. Many other companies saw the C-Res model and have replicated the definition of 'local content' to mean only low value procurement for regional SME's, to try and capitalise on that procurement efficiency, and also in the hope of achieving the same reputational benefits.

Ironically, one of the great tragedies of local content is that because so many organisations tried to imitate BHP, many regions are now actually economically disadvantaged because of this constraining definition of 'local content'. It's easy to confine risk to low order items, it's simple to drop in a procurement tool to manage that process, and it's effortless to get a good news story from the procurement outcome. Imitation is easy; however, replication is much harder.

What made BHP's program different?

1. By working in collaboration with a region that trusted them, BHP was able to establish a regionally run, cost-neutral social enterprise that was able to take the cost and inefficiency out of the purchase of low value, low risk procurement transactions.

   The region didn't feel insulted by the constrained description, as BHP were also engaging in the larger procurement categories. Ultimately, the community had granted BHP social licence and afforded the measure of trust needed to innovate.

2. The Local Buying Program didn't just release the cost savings and put them back into some nondescript consolidated revenue line. BHP were infinitely smarter than that. They took the cost and time wasted in a procurement process and recycled that investment and energy into empowering key regional economic advocates and educating regional small businesses through an extension of the Local Buying Program called the Local Buying Foundation.

BHP didn't just build a website and a media campaign, they built an organisation, a platform and the resources to back it up on the ground. The outcomes have been world-leading.

Some of their achievements

The Local Buying Foundation has been a spark plug to a circular economy and a titan of social value before anyone started using those terms. You need only look at how the strategy has not just benefited BHP but also those around them. How groups such as the Greater Whitsunday Alliance (GW3) is now one of the pre-eminent educators of regional businesses and conveners of thought leadership on how to economically prosper in the digital era and how the Central Highlands Development Corporation (CHDC) has become a leading advocate of regional development because of its ability to connect industry, suppliers and government into a model where economic development benefits from genuine mature collaboration.

If helping to develop those types of community organisation isn't impressive enough, it's no coincidence that BHP was able to announce its $50 million Vital Resources Fund early in COVID-19. Additionally, practically overnight, payment models to distribute the Vital Resources Funds money happened almost immediately after application approval. In some cases, the turnaround was one to two days, just when the regions needed it most.

BHP knew they could afford the monetary amount of the Vital Resources Fund. Investing $50 million is smart when you know your regional partners won't waste a dime and you'll get multiple returns both in terms of balance sheet, reputation and competitive positioning. The biggest return at the time, though, would have been confidently knowing that the money would be used wisely to produce genuine social returns in the regions. This confidence was empowered by a deep and dedicated relationship of trust and understanding, built over years working with connected and capable regional stakeholders.

In Australia, the BHP Local Buying Program is a leader in regional development and an example of what can be achieved through committed corporate leadership, aligned operational assets and functions and a regional trust developed over a number of years.

Construction programs don't always have the luxury of time and resources to implement programs as comprehensive as the Local Buying Program. However, the core value of collaborating with the regions in a respectful, intelligent and economically ambitious way is a leap in thinking which costs nothing.

Projects can help many people be active participants in the sustainability of their region and the productivity of their industry and it is often this closeness and collaboration between stakeholders that delineates the difference between regional and city based projects.

Key Message: Connect closely with your project region and don't be afraid to empower them – it's good for them and good for you.

20. Project Social Dividends

There is a huge amount that projects and Project Directors can do to create social dividends from better procurement and employment practices, when they look through a local content lens.

As a starting point for social value, the project team should always make sure their LEAP Plan is aligned very closely with the Indigenous Participation Plan (IPP) to support First Nations peoples objectives.

At this stage it is also worth noting that the scope of First Nations people participation in resources and infrastructure projects in some places has now outgrown its original social roots. Although overcoming social disadvantage for First Nations people is still a primary driver of any IPP, it would be wrong to think of participation as purely meeting a social agenda. This doesn't credit those First Nations people businesses that are now not only competing on their own merits, but also reinvesting back into the education of their own people through employment and scholarship programs.

Outside of programs aligned to an IPP, you can also find well-developed corporate social investment programs that meet the broader regional objectives. An example is the QGC Shell Emerging Exporters and Business Navigator Programs run in partnership with the Toowoomba and Surat Basin Enterprise (TSBE). This is where corporate social responsibility meets regional co-existence and an economic sustainability that spreads beyond QGC Shell's core business. This is a great example of social value, but not an easy model for a construction contractor to be able to support.

So, what can a construction contractor do to support a social dividend, over and above collaborating in client-defined programs and making small donations to existing regional social programs?

More importantly, what can the Project Director do in the 5 minutes a day they can spend on local content?

One incredibly powerful, cost-effective and easy commitment is to use the voice that major projects are afforded when many people are listening. This might mean becoming a visible champion of a social program that the project chooses to support, or ensuring the message gets through to tendering subcontractors that their tender submissions are weighted to include some deliverable and regionally relevant social commitments.

However, the simplest way for projects to use their voice is when they are asked to speak in public to a forum of regional businesses. At that point, they have the stage.

Each project will often have their own programs to support and vocalising that support for them is easy when you have the floor. A lot of support from the audience to the named social commitment can be hugely beneficial and to achieve that can be as simple as just highlighting a couple of causes that mean a lot to the project, as we have done below:

Whitebox Enterprises: Aiming to create 5000 jobs for young disadvantaged Australians by 2030. https://whiteboxenterprises.com.au/

Veterans Employment: A government initiative to link skilled ex-Defence workers with opportunities. https://www.veteransemployment.gov.au/#Employers

Key Message: Smart local content enables numerous project benefits and creates social dividends sometimes for very little effort.

21. Social Licence to Operate (SLTO)

Referencing Kenton (2019), SLTO or simply social licence, refers to the 'ongoing acceptance of a company or industry's standard business practices and operating procedures by its employees, stakeholders, and the general public'.

(Indigenous participation is a specialist function detailed in the project Indigenous Participation Plan)

There are any number of standards, practices and procedures that go towards gaining a community's acceptance and trust and are often documented in a Social Impact Assessment. The social science of construction projects is immense and there is a stack of literature, thinking and tools available online regarding social licence. A good place to start would be reviewing the works of Kirsty O'Connell and Dr Sara Bice at The Next Generation Engagement Program or Dr Kieran Moffat and the team at Voconiq.

Social licence can also cost huge amounts of money and is a commitment given in the approvals process. Projects often have to invest in airports, accommodation, roads, drainage, sewerage, pavements, bore holes, bus routes and medical facilities all so that the impact on the resident community is respectfully mitigated.

Social licence is complex. When done well it can be really inspiring, but when done badly it can cost significantly in approvals and apology. Some attempts have been made to put a dollar figure to what is known as the 'cost of conflict', but there is still a lot of work to be done to build a definitive and agreed mathematical model that calculates the cost and returns of social licence.

Trust

Like any good relationship, how a project and a community interact is based on trust. The Next Generation Engagement Team highlight four lessons from building trust with community. To quote:

1. Take time to build consensus
2. Keep promises and be fair
3. If you don't know, say so
4. Put risk into context

The challenge for local content is that trust can be hard to maintain when the promises of 'jobs and opportunity' in approvals doesn't manifest in construction. This is most prevalent in regions where the project may be solely looked upon to generate economic benefit.

When projects don't deliver on 'jobs and opportunity' in construction, not only is the trust broken but it also makes the challenge for the next project wanting to get approvals from the region even harder. It doesn't take too many broken promises from a succession of projects to turn a lack of trust into anti project activism.

Respondents to the Next Generation Engagement Program's Annual State of Infrastructure and Engagement Survey have consistently rated stakeholder opposition as one of the leading causes of project delay. The majority of Australia's infrastructure pipeline need approvals, and the majority of Australia's business and workers need an economic lift, so it's crucial the project not only builds community trust which includes a local content strategy that delivers on the promise of 'jobs and opportunity'.

Delineating social and economic outcomes

Social outcomes are targeted at aligning the project's values with societal values. These are commendable outcomes and important agendas for projects to signal and champion. However, if the project has ambitious local content objectives targeted at economic and employment outcomes such as increasing opportunities for manufacturing, regional suppliers and productive workers, then the great irony is that the social agenda may often suffocate and block the economic agenda.

A common contractual weakness is that often the social performance requirements are far better prescribed, and therefore resourced, than local content at a policy, contract and discipline level. This means the focus of a social strategy will supercede the economic strategy if an integrated and balanced approach can't be achieved. One of the key points of differentiation is whether the project is city or regionally-based.

In broad terms, city-based projects don't have the same level of economic reliance that a regional project may have on a project. There may be numerous projects in the city and a greater abundance of work means that suppliers and workers aren't as dependent on that one project for their economic sustainability, so social outcomes can be placed higher up the priority batting order.

City based projects also consider the cumulative impacts of a number of projects in a far different way. Two or three projects operating in a city environment may affect traffic movements and frustrate commuting times. Cumulative impacts in regions have the potential to strip labour from community employers such as Councils and healthcare and render the region unsustainable if not mitigated and communicated effectively. There's an order of magnitude difference between 20 minutes extra commute and not having access to healthcare.

One benefit of city-based projects however is they generally have a higher level of media focus and a far larger population that will need to be communicated with, providing a significant opportunity to drive a socially led agenda and narrative to a larger audience.

Enabling regions

In a region, there is less market share and a higher expectation on the project to support suppliers and workers. As such, the pendulum should swing closer to a focus on an economic opportunity rather than just a social impact.

Awarding contracts and jobs in-region is at the very core of regional sustainability and often vastly more effective at generating social outcomes. It is often the case that the majority of regional businesses reinvest back into their own communities. When regions win work their businesses invest back into Chambers of Commerce and Regional Economic Advocates, their leaders can commit more time to regional development strategy and the workers will give more of their time for community events.

In effect, if the focus in regions is more pronounced on economic outcomes and increases the amount of dollars invested and jobs created in that region, what almost always happens is those regional stakeholders invest more in their own social outcomes given they often have a more intimate knowledge of what their regions need.

Allowing local content to emerge from under the social agenda to focus on contracts and jobs to breathe life into a regional economy is absolutely fundamental to regional sustainability. Projects need to delineate and balance between social objectives and economic objectives realistically and differently when working in regions.

Key Message: Investment in Social Licence to Operate is wasted if the region isn't given opportunity for contracts and jobs.

22. Community Team Alignment

The challenge for local content is that all too often, 'jobs and opportunities' are requested from the community during project approvals, so the outcomes become the responsibility of the community team. This often means that the focus of 'jobs and opportunities' becomes trained on social objectives.

A social outcome is not to be downplayed or undervalued. Thanks to the resources and infrastructure industry there are numerous examples where diversity of supply and labour is both championed and included and are rightfully celebrated. However, contemporary expectations of local content are for a whole of economy benefit and that often means a more holistic implementation approach across a range of functions.

If the community team has enough influence at the management table to change internal engineering, procurement and employment processes to meet local content requirements, the alignment between community and local content can be incredibly effective. If the community team doesn't have that influence on the overall strategy however, then the outcome is rarely optimal for contracts and employment.

The ownership of the local content function should ultimately be included in the scope of either the Commercial Manager or the Project Management Office, given the need to manage risk and generate reporting. However, it is common for local content function to be wrapped up in a broader 'Community Strategy'.

Please note in the digram below how the specialist Indigenous Participation Plan (IPP) should inform all Community Strategy.

The diagram below provides an overview of the types of functions that may make up a community strategy and their key drivers. In some smaller projects all these functions may end up being the same person, in larger projects the workload gets distributed.

The biggest risks to local content will manifest themselves in a number of ways.

Communications & Media

Because 'jobs and opportunities' are often the bread and butter of a project's positive communications it is common for the communications agenda to be thirsty for 'good news stories' and want to promote the project's benefits. When a communications and media strategy is structured around the local content strategy, then local content becomes a production line of 'good news stories' that naturally occur throughout the life of the project. This means the project can establish a narrative that has a logical sequence, can last the project length and builds project value through communicating in a way that readies the market and facilitates competitive tension or sourcing outcomes.

However, when the communications and media team are demanding 'good news stories' in a reactive and ad-hoc way, then the risk is that the broader project narrative fails, the alignment value is lost, the market becomes confused and the external communication strategy can become undone in a very public way.

Having a communication and media strategy that is the driver of a local content strategy invariably means a huge opportunity cost for both project and region. Why? Because the focus of communication is often on the announcement of a successful outcome, which by definition is at the end of a process. This runs counter to the need for local content to be implemented (and discussed) early.

Indigenous Participation Plan (IPP) — Community Strategy			
Communications & Media	**Stakeholder Engagement**	**Social Performance**	**Local Content**
External messaging Public Relations Marketing Local content provides 'good news stories' to either substantiate project investment or mitigate public perception in construction	Strategic Relationships with • Politicians • Federal Government • State Government • Local Government • Community Committees • Landholders • Environmental Groups Local content provides currency for stakeholder engagement and approvals.	Strategic Relationships with • Local Government • First National Groups • Minority Groups • Health Care Sector • Community Development • Universities • Charities Jobs and contracts targeted outcomes for minority groups and social ventures.	Strategic Relationships with • Regional Economic Advocates • Chambers of Commerce • Supplier Development – both Government and Private Sector • Skills Development – both Government and Private Sector • Job Active Providers Maximum jobs and contracts opportunity. Awarded on merit.

Diagram 3: The 4 functions of community engagement.

Again, one of the differences between regional and city-based jobs is the experience dealing with major projects and their communication of the word 'local'. Remembering that in projects over $500m that 'local' means anywhere in Australia and New Zealand it is common practice for these projects to triumphantly announce "we're buying local" or "we're employing local". Regions will generally have a more realistic understanding of what that actually means as opposed to their city cousins.

Stakeholder Engagement

As projects get larger, they may also have dedicated stakeholder engagement functions that often have a far broader scope than just communication. These functional teams will be dealing with a range of stakeholders that cover almost all points of contact between project and community.

In the beginning of the project, the communication with external stakeholders such as government, councils and community groups should be high as the stakeholder engagement teams align expectations with the approval process. Then once the approvals are complete and the project moves into design, engineering and tendering the external communications from the stakeholder engagement team may focus more on engagement in areas such as environmental management, land holder access, traffic movements and impacts on community facilities and amenity.

The risk here is that local content can be left behind and become a lower order priority given the immediacy and seriousness of the challenges that are on the project's critical path. The focus of resources either on finalising approvals or accessing the worksite and with the assumption that local content happens later.

The largest risk, especially to the main works construction contractor productivity, is when the earlier stakeholder engagement messaging includes the future promise of subcontract and employment opportunity in construction as part of their approval conditions and messaging, but don't back it up in their contracts. The only thing that matters is what is written in the contracts.

Social Performance

In the bigger projects there will also be a team focused on more in depth social outcomes. It is common for projects to believe the social performance and local content agendas overlap however as the diagram below illustrates there are two very separate agendas that need to be understood.

The common denominator between the two agendas is jobs and contracts, however the drivers of each agenda are very different.

A social agenda may focus on increasing diversity of employment and supply, or target programs to replace labour lost from community employers to the project. The local content agenda focuses on all the other contract and employment opportunities. If they are not separated and resourced accordingly, the social agenda can often squeeze out the economic outcomes.

Social Performance

Local Content

Returns on investment may only be realised after the construction project is finished.

Inclusion and diversity will drive strategy.

May see a need to insulate the community for the commercial reality.

Strategy will focus the multi year programs. Limited time pressure.

Expertise in social sciences external to project.

Singular and deep specialty in subject matter.

Interested in "legacy" outcomes.

Jobs & Contracts

Investment into strategy should save time, cost and risk in construction.

Performance and value will drive strategy.

Will want suppliers and workers to know the commercial reality.

Strategy is about short bursts of activity capitalising on limited windows of opportunity.

Expertise in the internal mechanics of a project.

Multi discipline understanding, specialism in uniting internal functions.

Interested in maximum spend and employment in region.

Diagram 4: The separate drivers of social and economic performance.

A note on supplier development

Other risks to local content outcomes manifest themselves with incorrect engagement and messaging to the handful of external stakeholders who will support supplier and skills development. The need for commercially accurate messaging to these groups about realistic expectations and standards is crucial to not only developing a competitive supply chain or workforce, but also to managing future expectations.

Furthermore, the external stakeholders charged with supplier and skills development are often government-backed or funded. This can lead to a temptation by the project to accept the service provision being offered in the spirit of compliance, rather than 'rock the relationship boat' and challenge processes to support the delivery of competitive tension and filling jobs.

In exaggerated yet illustrative terms, the project doesn't need the generally more inclusive and 'softer' community agenda giving the impression that everyone will be a winner in the more 'hardened' world of project procurement.

Regional businesses all know that won't be the case and on the whole prefer a far more pragmatic and blunt assessment on procurement and employment realities which set the expectation that cost, compliance and reliability actually win tenders. Projects should also double down in their external stakeholder messaging that doing business with a large project brings tendering costs and contractual risks that may not be suitable for everyone.

Given that it is commercially more appropriate for supplier development strategy to be delivered by external stakeholders to the project, it's important that the core messages to win work and get jobs aren't lost amongst a broader community engagement agenda.

Whether the supplier development strategy is championed by the project, government or industry, it is important to ensure the program is run by a 3rd party subject matter expert who has practical experience of the project environment. Experts such as Deb Archbold from Deborah Wilson Consulting have extensive experience in managing these types of strategies.

A comprehensive supplier development strategy should target two objectives. The primary purpose of the strategy is to educate the suppliers on what is required to be competitive in a tender for the project. The secondary purpose, and of equal importance, is to build the suppliers knowledge and capacity to be competitive in other projects and industries.

These dual objectives illustrate a delineation between the local content agenda and the social performance agenda.

- **Local Content:** Building capability to increase competition for the projects procurement objectives to meet the project program. Reliability, cost and risk.

- **Social Performance:** Building capability to increase the suppliers ability to broaden their customer base from the knowledge they acquire.

The key point to remember for effective local content outcomes is that the person who needs to be most convinced about the delivery of the strategy isn't the supplier, but the engineer and/or the procurement officer who will be deciding whether to engage the supplier, who may in all likelihood be a new or late entrant into the procurement process.

As such, including in the broader supplier development program specific expert industry procurement knowledge from subject matter experts, such as Jordan Geddes from Brawd & Company, can provide reassurance that some of the detailed commercial matters are accounted for.

A social performance outcome should leverage the knowledge gained in the project specific supplier development program and then also introduce other supplier development pathways into the strategy for the suppliers to follow such as the Federal Government's Entrepreneurs Program or engagement with the Business Enterprise Centre Australia.

If the project has started early enough, the supplier development strategy can also be tailored to develop a module that can help build project specific knowledge with some of the accountants, lawyers and chartered surveyors that may be based in the project region.

Developing knowledge with these groups not only helps project investment hit the regional 'high street' but also develops a knowledge base that suppliers can use into the future whilst also providing the all important engineer or procurement officer the reassurance that the supplier has learned from qualified practitioners in the areas of highest commercial risk. Contracts, budgets and estimates.

Finally, projects that are interested in understanding more about what they can do to develop internal practices to benefit small business are encouraged to read Bronwyn Reid's book 'Small Company, Big Business'.

Key Message: Local content needs clear delineation and separation from social performance for maximum economic and employment outcomes.

23. Economic Licence to Operate

A considerable barrier to local content success is the definition between Social Licence to Operate (SLTO) and what we term Economic Licence to Operate (ELTO).

After introducing the LEAP Plan's distinctive definition earlier, we apologise for introducing a second acronym. Again however, we think the message is important to help optimise local content.

In a social context jobs and subcontracts can often be seen as ways to increase diversity or in some cases salve some wounds when the project needs the highest amount of acceptance in construction.

However, subcontracts and jobs are far too important to regions and they should be respected as an enabler for the whole economy. That is why local content needs to have a far better defined role earlier in the project lifecycle, with a delineation from social licence.

Early alignment

The ELTO process starts when local content expectations are set during the client approvals process. At this time in the project, economic and employment outcomes (which will ultimately be facilitated by local content) are captured in the project's Environmental Impact Statement (EIS).

These outcomes are developed by a community and stakeholder team, often staffed with social scientists and/or economic consultants with some marketing and media communication support. They develop strategies that need to be implemented in construction to mitigate any social and economic impacts, satisfying the project's approval requirements.

ELTO barriers

The problem comes when this team doesn't recognise local content as a specialist function that changes throughout the project's lifecycle. This can happen when:

- the community team's attention is diverted towards land access or environmental requirements.
- there is no transition of expertise or an understanding of how to embed local content practice.
- the consultants who developed the strategy in approvals are motivated to wait around in the project for construction.

The biggest blocker is when the project becomes captured in an external narrative about the future economic benefits when the project is finally completed. This was the marketing message that got the project through approvals and once the construction is finished will no doubt be realised in operation. This narrative always includes messaging about jobs and supply chain involvement but often overlooks the need for a change of strategy for construction to make those outcomes real.

We refer to this as the Alka-Seltzer effect, where the prescription for the infrastructure headache is the soothing tonic of the finished project. The marketing and external communication focuses on 'look how good it will be when it's ready' and tries to divert attention from the often less polished reality of the construction program – defined as the 'fizz' of the dissolving tablet in the water - that can seem to take ages to finish and disrupts the still water.

Don't miss the Alka-Seltzer fizz

The challenge for local content is that the majority of local content action is actually during the 'fizz' that comes between approval and commissioning, or rather between prescription and solution. The 'fizz' is when all the energy is released. That's when regional capability and capacity can be measured, improved and involved and it's incredibly important to recognise the transition of expertise and messaging in this interim phase between headache and solution.

The diagram below illustrates how a project may delineate between economic licence and social licence and apply a transition of expertise and communication style through the project lifecycle when focusing on economic outcomes.

Economic Communications Focus.

— Marketing Communications   — Local Content Communications

| Economic Licence To Operate | Social Licence To Operate | Local Content Outcome |

Local Content Expectations

| Client Approvals | Design/ Engineering | Long Lead Item Procurement | Tendering | Construction Procurement | Construction Employment | Local Content Programs | Client Operations |

Main Works Contract Award

Diagram 5: Transitioning communication focus.

Local content may be part of the approvals narrative but the moment the project transitions to design and long lead item procurement, it's crucial to switch focus from the external narrative of local content to the internal implementation of the local content function.

The economic licence to operate phase starts as early as possible in the project lifecycle and is the optimal economic opportunity for Australian steel, engineering, manufacturing and capability development. The peak of local content is the competitive tendering phase by the main works contractors and delivering local content in this phase ensures maximum local participation is included in the estimate, the best and final offer and ultimately the awarded contract. Project local content activity can then tail off after the substantive procurement and employment is complete.

Key Message: You can't talk about Local Content later if you haven't implemented it earlier.

ALIGNMENT

How are we collaborating internally for success?

Part 1 – the Local Content Delivery Model

Read this if you're looking for an overview of how local content fits within the project lifecycle, and where the function sits in your organisation.

24. 'Owning' Local Content Outcomes

Looking at a project's lifecycle from approval to practical completion, the project's local content approach changes almost like seasons: from the warmth of the approvals processes and the social scientists through to the frostiness of the main works contract administrators. Consequently, local content ownership and interpretation also changes, as different companies bring their personality and objective to the full project lifecycle.

Why does the project personality change? We've outlined some of the drivers behind the personality transition in the diagram below.

Project Owner	Engineering	Tendering	Main Works Contractor
I have a regional project I want to develop.	I'm designing the Project Owners regional project.	I want to build the Project Owners regional project.	I'm here to build the project on time, on budget and with no injuries or fatalities.
I may be in approvals for a few years at least.	I will test Australian engineering and manufacturing innovation if the Project Owner says its important.	I'm going through a competitive tender process and will need to submit a Schedule on local content/regional development.	I know the team from the approvals and tender process but maybe only in passing.
I want my infrastructure investment to create triple bottom line returns and demonstrate public benefit.	I will invest more into local content strategy if the Project Owner resources it in my budget.	I will test Australian engineering and manufacturing innovation if the Project Owner says its important but at this stage time is a factor.	I'm not here to try anything new, now is not the time to bring me innovation.
I will have to complete an Environmental Impact Statement that needs Government approvals.	I'm unlikely to ever come in contact with any external community stakeholders.	I am a fierce champion of local content as long as the Project Owner defines their needs and resources the final budget.	The construction program is always the critical path.
Local Content is really important to me.			Compliance drives local content outcomes if specific requirements are not specified in the head contract.
But a Final Investment Decision is all commercial.			If I get productivity and reliability from capable and qualified locals I'm 100% in support. If not...
Company 1	Company 2	Company 3	Company 4

Diagram 6: Changing project personality.

Of course, nothing is linear in a real-life construction program. There are multitudes of moving parts and consistent disruptions (from incorrect drawings through to weather events), so to characterise a smooth passing of the baton from one phase to next isn't realistic.

Understanding the need to manage these handoffs between Project Owner and Contractors is key to building an integrated local content strategy and close, collaborative relationships with the region.

The biggest local content risk for any project occurs when initially-promised outcomes are handed over from company to company until the least qualified to deliver outcomes are left with the responsibility and no contract provision to support them. Without proper positioning and champions, local content can get kicked down the road until the buck stops with the last company (Company 4 in the diagram above).

Unfortunately, Company 4 often has the most constraints and barriers to procuring locally and providing long term careers. You can rarely introduce a supplier when the contract has been awarded and you can't offer someone a career if the subcontractor's scope of work is only a few months long.

If Company 1 drives a strong and well-defined local content culture from the outset, then the rest will follow. But if Company 1's strategy is ambiguous or lacks rigour, then it won't get better in Companies 2, 3 or 4 without intervention or inefficient investment.

Key Message: Investors and owners' teams need to be accountable for both promising local content and also implementing local content.

25. Local Content Leadership

Before the process begins, it is important to understand that the influence a Project Director can have on local content success is arguably the most important of all the stakeholders. Internally, it is highly likely that the majority of senior executives will want to be champions of local content success, however the formality of a project environment dictates that the lead executive for each phase needs to be the leader amongst the champions.

Project Directors open the local content discussion. They embed local content practices, expedite changes to internal interfaces, sign off on LEAP Plans and critically evaluate local content performance. Ultimately, they provide:

- resources to the local content function
- a voice to the strategy
- if the region is very lucky, a passion to see local content really deliver

Naturally, it's also important for the Project Director to be familiar with the local content strategy. At some stage, they are likely to be held to account for it in a public forum.

Moments of Leadership

Leadership takes up time, especially when some is used in external stakeholder engagement. The most effective leadership, therefore, recognises that there are important moments of leadership that can go a long way if timed well, such as:

Early Engagement	Early inclusion of local content, investment in readiness and ensuring that the external communication to the market aligns with the LEAP Plan timings.
Go to Market	Open the window of opportunity and create the capacity to test the market thoroughly, with evidence to substantiate competition.
Subcontractor Compliance	Emphasise local content's importance in tender evaluations with weightings. Holding subcontractors to account for the commitments they make.
Agenda Champion	Simply, including local content in project meeting agendas – similar to how safety is an ingrained topic. It may be a case of opening a meeting with a Safety Share, going through the agenda and finishing with a 30 second Local Lesson Learned.
Brokering Change	The adoption of enhanced local content practices requires varying levels of change or transformation internally, which may require varying levels of support.
Conforming Contracts	Conforming collaborative contracts is time well spent. Often contract provisions for local content are nothing more than a cut and paste compliance requirement. Failure to articulate local content adequately in the contract means there will likely be a gap between what is possible and what is being promised.
Availability	Make senior executives visible to regional communities, especially through Chamber of Commerce/Progress Society meetings and Regional Economic Advocate events. Don't hide the 'doers' behind the 'sayers'.
Ask the Question	Ask in meetings 'And how is what you're proposing good for local content?'.

Key Message: Leaders come at all levels and it doesn't take a lot of effort to be an effective local content leader if you pick your moments.

26. A Team Journey

After more than a decade of implementing local content strategy in some of Australia's largest and most high-profile resources and infrastructure projects, we know that local content leadership comes at all levels in the project. Although the Project Director leads the local content culture internally, most project Executive Committees and delivery teams are full of local content advocates and leaders who can make a huge contribution to a local content discussion and implementation.

Project Directors must start with getting the internal local content compliance fundamentals in place and establishing the best engagement model to collaborate with key stakeholders in the project region. Then thoughts can turn to answering the question:

"What more can we do internally to go further externally with local content?"

Once compliance standards and a common understanding of local content is in place, the project is far better equipped to manage the external narrative and stakeholder expectations. This means external stakeholders can work collaboratively, pursuing both short term project benefits and long- term regional economic benefits.

Project Directors should also listen to their team on the ground about what the regional suppliers and workers are telling them would be good for their region. Many of the team will be residents of the region before they were employees of the project, bringing both passion and practicality.

Including the team in the discussion is incredibly important. However, the enthusiasm needs to be measured in order to identify the practical and implementable ideas that can be delivered both in scope and contract. Enthusiasm is a great problem to have, if you can channel it!

How to solve this? Initially establish the Local Content function in the Project Management Office. Then request each relevant function to focus on compliance first, and then expand their thinking to facilitate known innovation, and identify unknown innovation.

Key Message: Unite the team around compliance requirements to build confidence. Then, use local content as a tool to explore innovation through a number of functions.
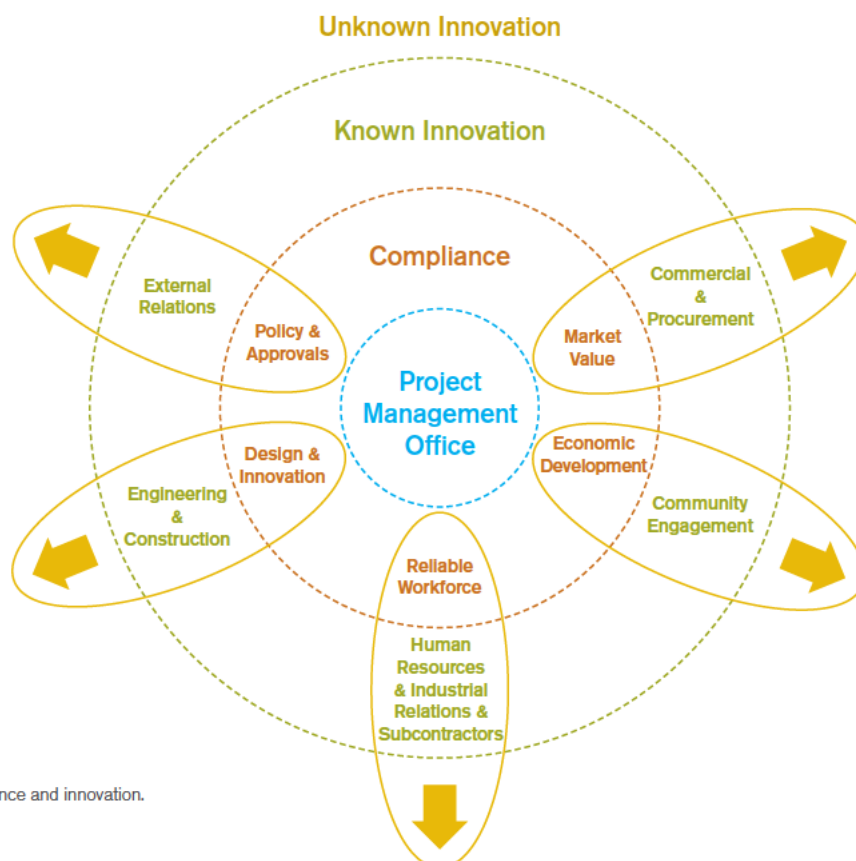
Diagram 7: Channels of compliance and innovation.

27. Local Content/ Circular Economy

A circular economy is any form of economic system that eliminates inefficiency, reusing waste in order to regenerate new systems, approaches and products. An example of this in nature would be permaculture where waste from an organic process is used to make compost. Another example is attempting to use old car tyres as a source of future energy.

There are numerous articles online about the circular economy and its role in the future economic and societal landscape. Some accomplished authors have written extensively on the subject, so where does local content fit into the picture?

At a base level, projects face challenges in engaging suppliers and workers because of deep inefficiencies in connecting project demand through market advocates. This means there are huge strides that could be made by stakeholders external to the project in reducing the time wasted in market engagement.

However, developing these strategies will take time and obviously needs a realignment of a number of external stakeholders who represent the supply side of market.

So, what strategy can a project adopt now that reaches further, costs practically nothing, can be implemented almost immediately and is the very definition of recycling local content waste?

Simple. Give suppliers and workers feedback if they are unsuccessful in tender or job application about what they can do better next time. Projects should adopt the principle that you either 'win or learn' as opposed to the current culture of 'win or silence'.

As the diagram below illustrates, feedback and knowledge transfer from the project procurement and employment processes connect. This benefits the project, workers and the region because the market can teach itself to be smarter next time.
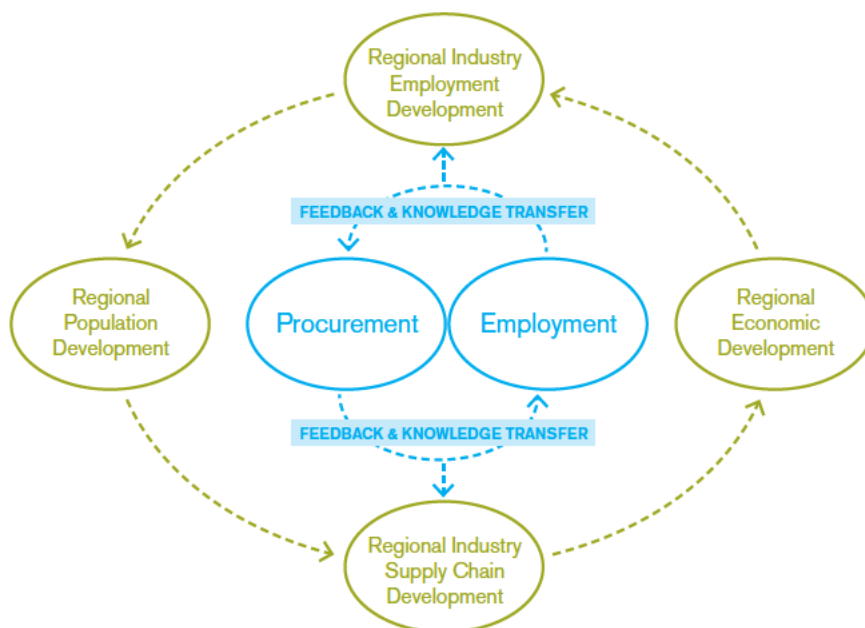
Diagram 8: Local content's contribution to a circular economy.

Key Message: It costs very little to give constructive feedback and it is an important way to close off a process.

ALIGNMENT

How are we collaborating internally for success?

Part 2 – Systems and Implementation

Read this if you're implementing local content.

Compare your systems to the systems we describe and define where your gaps are.

28. Internal Functional Alignment

Within the project, where does local content fit in?

The contemporary local content practitioner gathers up and connects other internal functions to form a collaborative model. Ultimately, given this cross functional role, the best positioning for local content is either the Commercial Manager or the Project Management Office. A local content model comprises functions shown in the diagram below that illustrates where local content interacts within a typical project.

Collectively, these functions connect a project's demands for goods, services and labour with a region's economic advocates, supply chain and labour pools.

The beauty of effective local content (and where it adds the most value) comes when:

- all project functions work together to achieve local content goals
- project timing considers local content
- external communication aligns to create 'good news stories' about the project

Defining local content as a function and placing local content as a central interface keeps everyone compliant and in step with the construction program.

When this works, local content can increase their scope across programs to provide:

- knowledge transfer
- supplier and worker development
- employment diversity
- regional economic and social value

Diagram 9: Holistic local content interfaces.

Common alignment

Most commonly, the local content function resides in either the Community and Stakeholder Engagement function or the Procurement and Contract Administration functions.

The Project Director needs to assess the capability and willingness of either of these functions to own the whole local content agenda.

Community and Stakeholder Engagement

Local content sits at the intersection between community and project. As such the Community and Stakeholder Engagement function is often positioned to manage the holistic external approach that local content requires. However, the risks that accompany this are:

- the function lacks the influence at a management level to drive the changes needed internally.
- focus on broader community messaging means that unrealistic expectations and commitments are set.
- involvement with media and marketing keeps their focus broad, with outcomes aligned to announcements at the end of a project phase.

This runs counter to local content requirements where the messaging needs to be targeted and narrow, and the strategy benefits from a focus on early adoption. A project can waste significant amounts of advertising and marketing budget when the marketing strategy doesn't align with the local content strategy.

In the larger projects, the Community and Stakeholder Engagement team will also adopt a larger Social Performance agenda which means increased risk to local content outcomes.

Procurement and Contract Management

Alternatively, it is common for the Procurement and Contract Administration function to be given jurisdiction over local content. Making this alignment work effectively can be difficult depending on:

- how the head contract is written
- how early this function adopts the implementation of local content
- the likelihood that this function can work collaboratively with other project functions given their need to retain commercially sensitive information

If supported by the contract, engaged early in the process and supported by realistic and aligned external messaging, the procurement function (more than any other) has the chance to deliver local content outcomes.

On the other hand, procurement can also squash local content ambitions if it proves to be a requirement that is not contractually supported, left too late to be realistically executed without commercial risk and ultimately becomes a source of frustration.

This function has the most influence on local content, but it must be set up for success both in the contract and by the functions that go ahead of it, especially by the design and engineering teams who often seem to be the quietly forgotten enablers of local content.

Where is local content best positioned?

The size of the project will heavily determine the capacity of the functions and their alignment. In most projects, an achievable positioning and sequencing of alignment is reflected in the diagram below.

| Project Manager |
| Commercial & Project Controls |
| Local Content |
| Indigenous Participation |
| Design Engineering & Estimation |
| Human Resources & Industrial Relations |
| Procurement & Contract Administration |
| Recruitment & Human Resource Management |
| Cummunity & Stakeholder Engagement |
| Construction & Logistics |
| Media & Communications |

Local:

Early Strategic Alignment

In the early stages of the project, the Local Content function aligns with the Indigenous Participation strategy and reports to the Commercial and Project Controls function, who report into the Project Director.

Diagram 10: 4 phases of local content alignment.

Economic:

Local Content Alignment

As the project begins to move forward, the local content engagement needs to be positioned with both the Design Engineering and Estimating functions and the Human Resources and Industrial relations functions to ensure that local content preparation is undertaken. This is the optimum time for including and testing innovation, identifying market value and ensuring the best possible upskilling and conditions for workers.

Alignment:

Local Content Execution

Then, as the project moves into the phase of Procurement and Contract Administration, and Recruitment and Human Resource Management, the benefits of the local content preparation time start to be executed. Processes and expectations align.

Participation:

Local Content Outcomes

In the final phase, the Construction and Logistics functions benefit from the local content groundwork being undertaken previously. The Community and Stakeholder Engagement function maintains a dotted line though the project lifecycle and the Media and Marketing functions are ultimately able to communicate the benefits of local content, if done well. Or explain the project decisions if done badly.

Key Message: Define local content as a connector, facilitator and internal focus point that works with a number of interfaced functions at different times throughout the project lifecycle.

29. Internal Functional Systems

There is no one system or blueprint for local content (although this guidance may be the first step towards standardising the function!) So, when it comes to working out which systems are needed to enable local content, it's best to apply an 'Internet of Things' approach.

By this, we mean using systems to create optioneering and value engineering opportunities with a focus on plugging into existing regional ecosystems or digital initiatives.

Optioneering and value engineering

Haven't come across optioneering before? It's the practice of systematically looking at how you can use alternative products and designs to do a better job of meeting project challenges. Together, optioneering and value engineering mean that your project will be challenging the norms, and in a more cost-effective manner which are core to local content outcomes.

This is how internal systems can work with the optioneering and value engineering processes to achieve local content outcomes:

	Optioneering	**Value Engineering**	
Project Alignment			**Economy Alignment**
Market capability and capacity analysis. Market expectation management. Support "Jobs" narrative.	←	**Communication Strategy and Systems** →	Process understanding. Expectation collaboration. Support "Jobs" narrative.
Australian Jobs Act 2013 compliance. Transparency of opportunity. Improve understanding of market.	←	**Sourcing Strategy and Systems** →	Consistency of process. Genuine opportunity. Economic development.
Reduced mobilisation costs. Access local capability and innovation. Provide constructive market feedback.	←	**Selection Strategy and Systems** →	Create long term job capacity. Support Government programs. Support supplier development.
Manage internal key result areas. Manage subcontractor compliance. Align with stakeholders.	←	**Management Strategy and Systems** →	Inject local content leadership. Multiple local opportunities. Economic stakeholder.

Diagram 11: Internal systems aligning for local content outcomes.

Selection Systems: Weightings and Targets

Weightings for local content are critical for any tender evaluation and **should be mandatory** and appropriately weighted against other evaluation elements.

Targets are only recommended when they are SMART and form the basis of a collaborative contracting arrangement.

Making local content a point of competition for tenderers is the most impactful approach.

Key Message: No one system can claim to be 'contemporary local' content. An 'Internet of Things' approach is needed to integrate local content across a number of internal systems.

30. External Communication Systems

There are already a number of *systems that exist in the market that aim to provide local content outcomes which sit across functions of market research, employment, tendering and procurement.

These systems are focused on mostly the advertising of opportunities, the collection of registrations of interest and in some cases, the assessment of capacity and capability.

At the most basic level, a project will communicate opportunity through four different internal functions:

Stakeholder Communications: Huge investment is made in external communications, but they need to connect with the outcome that they are promoting. Stakeholder communication is needed for a range of reasons outside of local content and can also be needed at short notice. This may not align with the internal processes which are informing the local content strategy at that time. Stakeholder communications professionals who manage to align local content needs with local content narrative always generate better local content results as opposed to letting the narrative control the function. Examples being advertising projects that may have been awarded weeks, sometimes months, in advance.

Employment Communications: As a general rule, recruitment professionals and employment systems are vastly more sophisticated in approach than their procurement counterparts. For years, recruitment has needed to advertise opportunity far and wide because of a shortage of workers. Their systems are used to handling hundreds of applications and the overall risk associated with the transaction of employment is far more limited. This means that often recruitment selection and assessment systems are more advanced and are far better equipped to manage the external messaging and expectations that builds up around local content.

The constraint with employment communications is that all too often the "jobs" narrative becomes the focus of the communication which means that significant opportunities to assess labour markets and engage workers into training are lost.

It is often one of the great curiosities of employment communication that the main messaging is centred around one big announcement late in the process, and misses the numerous opportunities that come earlier which could have a far better outcome for workers and project.

Procurement Communications: The procurement teams differ from their HR counterparts in numerous ways. They don't generally have issues in attracting supplier interest, but the commercial risk is higher and very often, the procurement officers will have been employed because of their knowledge of the sector that they will be procuring from (which is often a smaller group of suppliers). In many of the larger procurement packages a handful of suppliers would already be invested in the process and opportunity.

To advertise broadly, ahead of the market can be seen as counter-intuitive and sometimes means more risk than opportunity.

Many times, procurement teams also don't want to advertise because they don't want to raise supplier expectations which won't be met. When opportunities do emerge, they are generally already at a formal tender stage which may be effective in managing compliance but means a small, often non-existent opportunity, to include market innovation in design.

The merging of procurement and local content into the same marketing message can often drive the reverse outcomes especially in regions. By the time procurement opportunities become available the local content process should have been completed, the market research should have been long submitted, the supplier development should already be undertaken. Procurement should be then left to procure.

Engineering Communications: Asking engineers to externally communicate to a market may not fill everyone with glee, especially not the engineers, but bear with us because this is the biggest gap when it comes to local content, and especially when the project's focus is on identifying Australian or regional innovation.

For local content to be most successful, opportunities need to be advertised well in advance of procurement and employment. Months and even years on the biggest projects.

The biggest stumbling block is often a tension between an external communication need to advertise early to really test and explore supplier options, counteracted by an understandable engineering reluctance to go to the market without precise specifications, quantities and requirements. Working with engineers to help define the difference between Expressions of Interest (EOI) and Request for Quote and/or Tender (RFQ/T) is often the key to success.

An EOI process can be far less defined. When accompanied with an engagement message to manage expectations, this should be a process that is executed as early as possible in the project lifecycle. By doing this, the local content advisor understands where areas of the supply chain need to be developed to be competitive when the scope of work eventually goes to tender. This is the window of opportunity so frequently missed to increase Australian manufacturing and allow regions to have the capacity and capability to partner effectively.

One of the biggest barriers for project design engineers is that often the systems that support an EOI process, and the wider and earlier market engagement, may not be available to them in the design phase as projects will often use their procurement systems for this process. In a project, these systems may not even be implemented until after design is underway.

Industry Capability Network (ICN)

There are a range of options for advertising EOI's that projects can use ranging from email notices, engagement with Regional Economic Advocates and earlier use of their existing estimation and procurement systems.

The most commonly known system however is the Industry Capability Network (ICN) Gateway which is provided by the Federal government and was originally designed to help engineers engage with the marketplace. The Industry Capability Network (ICN) is a Canberra-based organisation that provides a national database of suppliers on their platform, the ICN Gateway. This system is then licenced either at a state level through a government-aligned market advocate (which is often a free or subsidised service) or it can be licenced directly to the project itself.

The database itself contains in excess of 70,000 suppliers and as such is thought of as an easy method to advertise opportunity in a "Full, fair and reasonable" way to achieve compliance requirements.

There are two aspects to the ICN service offering: the access to the system and short-term engagement with ICN consultants who can administer the system, if the project chooses not to self-administer.

System

At a system level the requirements are simple. At the earliest stage of the project, EOI's should be advertised on the ICN Gateway to provide the market a broad overview of what will be required in the future. The earlier the better, because greater distance between advertising EOI's and the actual procurement process means the larger the window of opportunity to facilitate the development of market supply to be ready to compete when procurement starts.

Suppliers will then register for these EOI's with the end result being the project is provided with an Excel spreadsheet of the interested suppliers. The project then uses this information to inform their engineering and contracting strategy. Although, early engagement with the market is mandatory utilisation of the ICN Gateway is not, and each project should make their own decisions about its utilisation as the primary EOI technology and market research method.

Opinions on the ICN Gateway differ wildly and there is a lot of misunderstanding and misalignment of expectations and outcomes about the system. The most common refrains from the supplier market are

"We never get any feedback" - in actual fact, it is the requirement of the project to provide that feedback and often ICN Gateway gets unfairly blamed for a process that is unfortunately not in their scope.

"We've never won anything off ICN Gateway" – the system is not used for tendering or award but only an EOI system. Confusing an EOI system with a procurement system causes a lot of unwarranted and negative feedback of the ICN Gateway and it is important to delineate the two different processes.

ICN Consultants

Another service offering that ICN also provides is consultants who can assist in the administration of the ICN Gateway and who also often have excellent knowledge of suppliers in their region. This is especially useful when the ICN consultants are physically based in the regions of operations, because very often they know their patch. ICN New South Wales is one example where this model works very well with the advice from the ICN consultant often building on the system information. When the ICN consultants aren't based in the region however, the regional value drops.

ICN consultants can also be useful contributors to external supplier development programs and other government stakeholder groups. Different states employ different engagement models with Victoria often receiving the most consistent praise. (Noting Victoria also seems to be leading on the unbundling of larger packages for Australian supply)

Although the project may only engage with ICN for a short period of time at the beginning of the project lifecycle, the external communication message will often need to be handled by the project for far longer.

The key message to manage with the market is that the opportunities on the ICN Gateway are only EOIs for market research and not packages for tendering. Suppliers should therefore manage their own expectations on both the speed and depth of the feedback they should receive.

Key Message: Engineers will need to externally communicate early in the process for best success.

31. Collaborative Contracts

If there was ever a justification for a shift towards collaborative contracts, then local content surely must be it. In reading Owen Hayford's March 2018 paper, 'Collaborative Contracting', many of the factors that define success in a collaborative contract arrangement also define success in local content outcomes:

- Early Contractor Involvement (ECI) to engineer out risk and engineer in opportunity.
- collective problem solving and decision making between client and contractor.
- a balanced gainshare/painshare arrangement to financially motivate all parties to achieve their best for project outcomes.

We appreciate that collaborative contracts cover a range of matters that might, on the face of it, carry more weight than local content, such as commercial risk, insurance and liabilities. But we would also point out the one distinguishing feature about local content is that pretty much everyone agrees that it is a good thing.

When it comes to infrastructure projects, owners, government, industry and unions all want more Australian manufacturing and jobs, stronger regions, more training and job security where such outcomes are achievable without compromising other outcomes, such as price and quality. The optimisation of competing project outcomes is far more possible if there is a collaborative contracting framework in place that aligns the commercial interests of all parties around this.

The alternative to collaborative contracting has inherent limitations. The vast majority of contracts written in Australia do not create an environment where local content can do anything other than comply to a process and a policy that needs some serious refreshment, many would agree. Compliance needs to be the floor, not the ceiling, of local content considerations.

(One key aspect of the LEAP Plan must be to cascade local content contract provisions to the sub-contractors and ideally build them into a collaborative model and agreement)

Local content starts early in the project approval process, is focused on leveraging collaborative and shared relationship frameworks. It requires a prescriptive and collaborative head contract that enables the main works contractor to execute a local content strategy that benefits the construction program and the region of delivery.

Local content is not just a risk that needs to be managed equitably, but it's an opportunity to drive innovation, increase local industry participation and create new models to support workforce and supplier capability through collaborative arrangement.

Applied accurately, local content is a mechanism that can reduce cost, time and risk in any program schedule. Projects have huge capacity to create so many more local outcomes if the mechanics, the language and the contract environments support that outcome.

Key Message: Cascading the responsibility for local content down to the subcontractors least equipped to deliver outcomes for regions and workers is a recipe for failure. Greater collaboration in contracts needs to start somewhere, so why not local content?

32. Local Content Investment

Many local content advisors lean towards local content being a social outcome for a region or for a group. Being passionate about local content as a means to help people is important, but in reality, there are relatively limited social dividends to be gained if local content strategy is not:

- commercially relevant to the program
- creating time, cost and risk mitigation benefits in delivery
- insulating the construction and procurement team from unrealistic expectations

Investment Profile

The diagram below shows two types of investment scenarios of local content.

Scenario A (blue lines) highlights a performance outcome driven when management, engineering, procurement and human resources have spent time investigating the market. This is created by early investment in local content during approvals and tender (light blue line) that tails off after award. For best performance results there is a handover to a locally-employed team who are trained up and enabled to take over the strategy to meet the higher local content outcomes that everyone expects.

Scenario B (brown line) represents a level of investment that starts below local content expectations in the approval, tendering and preferred status phases, and then involves a rapid and unsustainable investment into token programs that can often fall short of expectations and ultimately cost a lot in apology. This can manifest itself in increased management time, contracts teams providing retrospective reporting and a higher cost of supply.

Early Engagement

When the shareholders and investors make local content success part of their business plan and embed the discipline into the approvals, design and tendering phases there is a huge opportunity to measure value that is rarely if ever taken.

Considering the investment made in the approvals and design phases, it's rare to actually see any data or analysis emerge which could be used as a benchmark on which to measure local content in the future. That in itself is a huge opportunity lost, given the amount of inefficiency in any supply chain and labour market - all for the sake of some earlier engagement and better timing.

Without an investor-level commitment to benchmarking local content for the purposes of measuring cost and time efficiencies, it is incredibly hard to demonstrate the immense value that can be created from what would be a material effort.

Measuring Value

Measuring local content value is heavily influenced by perspective, and with so many definitions, perspectives differs widely. There is no single formula.

Given the amount of people and organisations that are either invested in local content, or at least the expectation of local content, trying to apply one simple formula is impossible. It could be compared to finding one simple formula to answer why people invest in a stock market when they do. There are multiple reasons.

It's precisely this range of perspectives that causes the frustrations between projects and regions because the formulas that make up local content assumption and expectations are very rarely the same formulas that are needed to substantiate the case for delivery.

Key Message: Invest in local content early, to save a lot of cost, time and risk later.
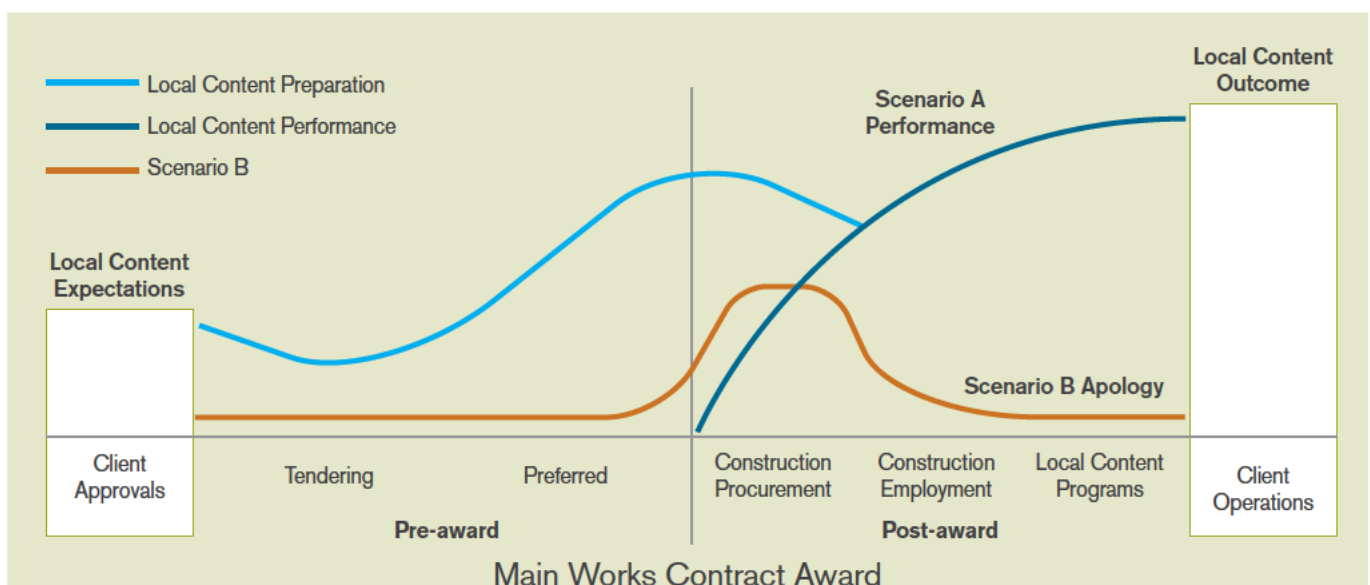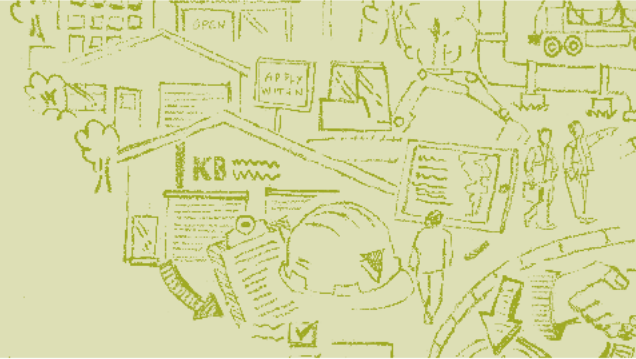

Diagram 12: Differing local content investment profiles.

33. Local Content Budgeting

Defining the local content discipline and recognising it through a dedicated internal function is the first step to making a financial commitment to local content. The local content budget needs to take a holistic view of the value that local content can create across a range of functions, centralising the commitment into one budget.

When local content is an undefined function and left to scrounge from internal budgets, it fails to play a meaningful role because the function is always playing catch-up. Local content advisors can waste huge amount of time trying to raise budget internally and externally. As a rule:

- dedicated and prescribed budget - best chance of success
- commercial manager helping raise budget from other functions - can be successful
- commercial manager not helping to raise budget from other functions - certain failure

A budget built for performance will largely consider four key inputs.

Dedicated Headcount

To make local content work in practice, you'll need a combination of subject matter expertise, external program management and internal communication supported by administration. A job description for a Local Content Advisor is contained in the actionable templates. The local content function is also a quality filter for all expressions of interest and jobs. Often the systems used by both suppliers and buyers may be online but are outdated and still have a large administration load that can slow the local content strategy and as such may need administrative headcount.

Systems

We recommend an 'Internet of Things' approach, given the range of software/website communication and reporting that needs to be undertaken. Primary systems should focus on market research for supply and labour and should focus on estimates and scope definition. Systems that are focused on tendering and procurement alone are generally too late for local content.

Investment in a website makes it easy for suppliers and workers to find out information about the project. Customisable reporting should be another investment for slick reporting, while alignment with Human Resources and recruitment systems is also important.

Subcontractors

There's an argument that some costs of participation in a centralised local content strategy should be passed on to contractors and subcontractors. Although they may be the ultimate contracting and/or employment entity this only works when the costs and requirements are included in a tender process and resources allocated. Stating that someone is responsible for an outcome and then not enabling them to deliver it only puts local content outcomes constantly at risk. Free issue local content services are more helpful to timing and narrative control.

Programs

Finally, the most common response to a budget request is 'Shouldn't government be paying for local content?'

Government are important sponsors of sector market development, and huge contributors to skills programs and supplier development as evidenced in programs championed by organisations such as Advanced Manufacturing Growth Centres, Austmine, Centre for Defence Industry Capability (CIDC), METS Ignited and National Energy Resources Australia. Government investment however is almost always on the supply side of the equation and they should be seen as co-investors and not lead investors.

If projects want to benefit from better local content, then they need to invest in their own strategy, function and approach.

'We're already putting $XXbn into the market. What more do they want?' is no longer an acceptable position post COVID19.

When local content is resourced to be successful and has a dedicated budget it means both an opportunity to leverage the benefits of government co-contribution and deliver the capital works program smarter and with more purpose.

> **Key Message:** A function is only defined by its resourced commitment, so budget realistically.

34. Measuring Success

Compliance

From a local content compliance perspective, complying is really only the first step in defining success. Your LEAP Plan should ensure it references, and adheres to, the key government policies and approval commitments, as well as demonstrating a commitment to the AIP National Framework.

High value local content items often need to compete in a global market. When decisions are made by projects to import goods and services, there can be some complications around withholding tax, import duties and visa application specialists. (Seek professional legal advice from Australian legal experts for anything to do with imports).

Finally, compliance reporting needs to be embedded into the Project Controls Team, who extract the information from contracts, procurement, human resources and community teams.

But as we've said, compliance should be the floor and not the ceiling of the project's local content ambitions.

Performance

Measuring local content success is difficult because so few benchmarks exist to undertake comparable cost evaluation. Most projects have savings that can be made by a reduction in costs associated with mobilisation, responsiveness and reliability, if you:

- understand and prepare the market early enough with the information to be competitive
- make innovation a priority in the design process
- drive local content as a weighted criteria in the tender selection process

Additional cost savings from local content are harder to measure, but can also be found in supplier productivity, worker engagement and brand/reputation.

Defining success is ultimately up to the project team. We'd hope that finding and articulating this definition is how you conclude the Local Content workshop and the LEAP Plan. Success may be:

- bringing local content forward so you can really test the Australian market
- creating jobs in regional areas that develop skills and career pathways
- establishing a local content function to partner with the Indigenous engagement team

Or, it may be simply enabling one of your workers to make the time available to speak at a local school, to share their global experience and profession to inspire the next wave of regional workers.

What would be hugely beneficial is for groups such as Engineers Australia to play a role in defining formulas that can give projects, and specifically project engineers, the ability to measure local content success across various phases of the project lifecycle.

Key Message: Key Result Areas should include early adoption, early communication, transparency on all opportunity and constructive feedback to the unsuccessful.

PARTICIPATION

How are we interfacing externally for success?

Read this if you're looking for the best way to create positive external stakeholder relationships.

35. Government Relationships

Projects, economies, regions and workers always benefit when the project has positive external relations and collaborative working arrangements with all three levels of government. Projects will benefit from a close working partnership with government to bring the project business case to construction reality. The larger projects will sit across a number of electorates and states and will need to engage with a range of departments and agencies in order to complete the approvals and be granted the licences to proceed. Juggling government relationships and navigating the range of approvals processes is a finely-honed skill that takes a precision of language and documentation.

Government can nominate the project a special project status which allows a dedicated government team to focus effort on navigating different departments and progressing approvals compliance.

Environmental Impact Statement

As the project starts to emerge from the business case into the Environmental Impact Statement (EIS), a few of the primary interfaces for local content start to become clearer, across:

- indigenous land usage (ensuring alignment with Indigenous Participation Plan)
- agricultural land usage or access
- environment management
- industrial relations
- accommodation and human logistics
- ongoing social impact mitigation

The number one mistake that projects make during the EIS stage is putting local content in a social impact bucket and not recognising local content as a distinct and specialist discipline. There is a combination of reasons for this but mostly it's because in general terms the 'community' is seen to be requesting the jobs and opportunity and therefore managing community expectation and requirements will fall under the auspice of an external stakeholder or community engagement team.

The EIS process, as it is completed and regulated at present, focuses more on managing risk rather than identifying opportunity. Regions would benefit significantly from an EIS process that rewards some innovation and endeavour. Furthermore, the EIS process may not consider the cumulative impacts that multiple projects can have in regional communities and if they do, the intent is to segment the activity rather than find ways to explore collaboration.

Aligned investment

Governments obviously invest in their own projects as clients or through Public Private Partnerships (PPP) with the private sector. Government will also frequently co-invest with private projects to help secure and realise the economic benefit.

Once the project is out of approvals, the local content activity should increase in design, tendering and early construction with the focus then being on core local content interfaces such as:

- sector development
- supplier development
- skills development
- jobs messaging

(Ensuring alignment with the Indigenous Participation Plan in this stage)

There is always an overwhelming enthusiasm from government, primarily through their service delivery providers, to offer solutions to the project through these stages. Government stakeholders and service providers (federal, state and local) can play vital roles in the local content strategy and can be excellent at aligning programs around supplier, skills and First Nations people participation. However governments' enthusiasm to be all things local content can also suffocate internal practices and sometimes compel projects to guard against risk, rather than explore opportunity with government partners.

The diagram on the next page depicts a best practice government engagement local content model that supports the project strategy through the whole project lifecycle to maximise local content. Project alignment is marked in blue with the local content focus above and the project program phase below. Connection with government, either directly or through non-government organisations (NGO) or government funded service providers, is marked in dark grey as a consistent and integrated partner.
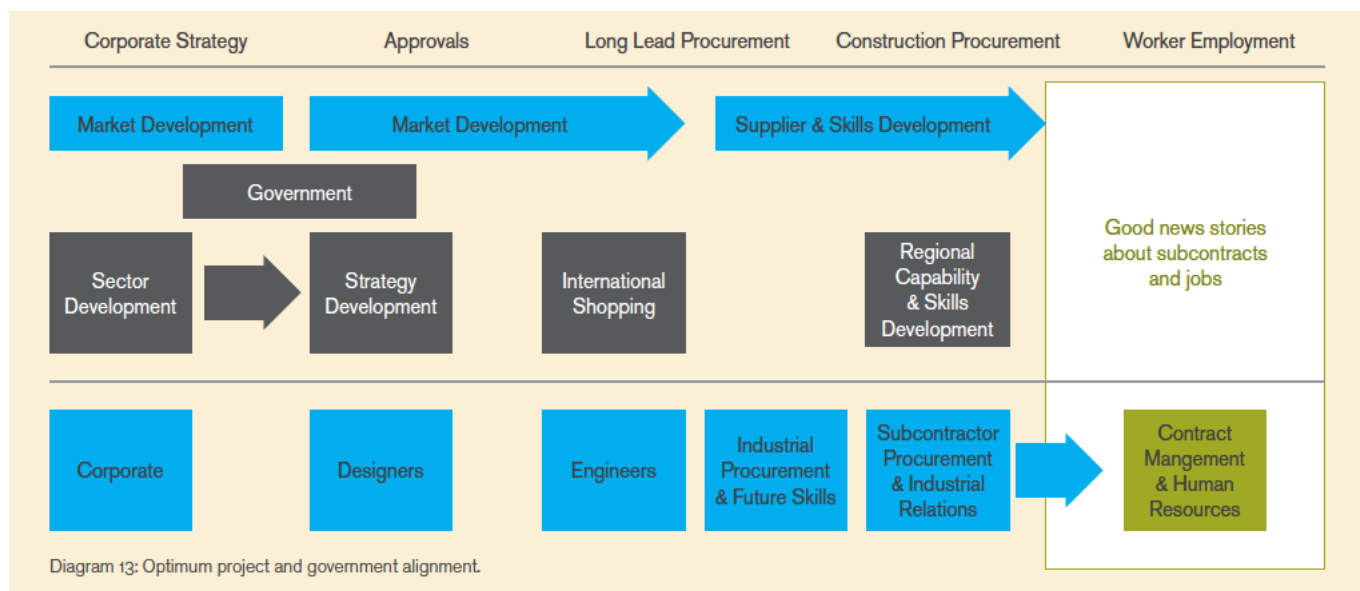
At the beginning, the corporate strategy has made some early investment into whole of sector development in partnership with government.

As the project emerges from the corporate incubation period and moves into the approvals phase, there should be an immediate transition of relationship from regulator/approver to strategy partner.

The next phase involves the early engagement with the designers and engineers where long lead item procurement packages, or scopes needing global competition, should be advertised to maximise Australian industry response. There is then a natural break in the relationship as the project begins procurement and finalises future skills requirements internally, commercial matters that are not easily or naturally shared for a variety of reasons.

As the project moves nearer to the final phases of construction procurement and worker employment the relationship lifts again, with government preparing regional suppliers and workers in readiness for when the subcontracts and jobs start flowing.

If everything goes according to plan, the Contracts Managers and the Human Resources Managers at the end of the process become responsible for implementing the services and managing the workers, with the communications team able to harvest 'good news stories' which become a lag indicator of local content success.
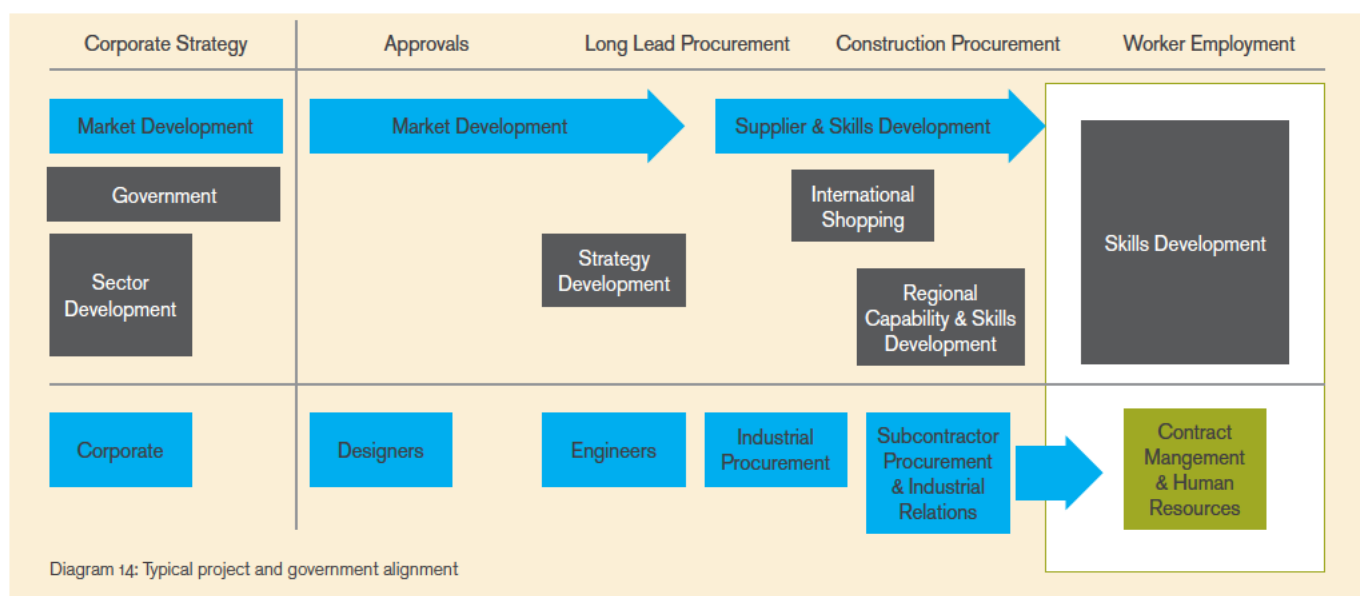
Corporate Strategy	Approvals	Long Lead Procurement	Construction Procurement	Worker Employment
Market Development	Market Development →	Supplier & Skills Development →		
	Government			Good news stories about subcontracts and jobs
Sector Development →	Strategy Development	International Shopping	Regional Capability & Skills Development	
Corporate	Designers	Engineers	Industrial Procurement & Future Skills / Subcontractor Procurement & Industrial Relations →	Contract Mangement & Human Resources

Diagram 13: Optimum project and government alignment.

One optimal market scenario would be that local content investment happens in pre-emptive sector development to create a much smarter sector for the project to shop in later. That strategy and transition is already underway in Australia with a leading example being the Centre for Defence Industry Capability (CDIC) program, however, much more work needs to be done to build capability and capacity in other sectors in readiness of projects.

Sadly though, one of the principle constraints to the development and inclusion of Australian and regional supply, especially in manufacturing, is that an engagement between project and government funded service providers is much more likely to look like the diagram below.

In this model, when the approvals process ends, the local content engagement with government generally falls away immediately as both government and project turn their attention to managing the more immediate identified risks. These are the impacts associated with land and water access, road utilisation and environmental disturbance. Although the narrative of local content may be prevalent throughout, the focus on implementation during these early stages is often superceded.

Local content is effectively often deemed a lower priority (main works construction may be months or years away) and can be consigned as an economic 'she'll be right'. That is often sadly reflected in the engagement with government too as the service providers generally get little traction early in the process.

Corporate Strategy	Approvals	Long Lead Procurement	Construction Procurement	Worker Employment
Market Development	Market Development →	Supplier & Skills Development →		
Government			International Shopping	Skills Development
Sector Development	Strategy Development		Regional Capability & Skills Development	
Corporate	Designers	Engineers	Industrial Procurement / Subcontractor Procurement & Industrial Relations →	Contract Mangement & Human Resources

Diagram 14: Typical project and government alignment

Don't lose touch

When the project and government lose touch after the exhausting approvals process it means the market can't be prepared in time to effectively compete, Australian engineering can get designed-out of the project and suppliers don't have the time to build capability and capacity.

Then, right at the end, when the project moves into construction the Contract Management and Human Resources teams take over only to discover that the service providers haven't been engaged effectively to date and are offering services that aren't viable in the compressed window of opportunity that is left. It is not unheard of for government funded service providers to enthusiastically engage a project main works contractor in construction only to find that the opportunity for their services were required months ago. No one benefits in this scenario.

What can projects do to improve government engagement?

Projects are far from being perfect partners, so what can be done internally to help foster closer local content working relationships with government and their associated service providers?

The secret to success is a close working relationship, a clear understanding of where the role of government and the project begins and ends, and a commitment to sharing information, where commercially free to do so, in order to build better programs and a closer understanding much earlier in the project lifecycle and well before the construction contracts and jobs start flowing.

As a rule, there are a number of things a project can do to help partner with government:

- align with the external stakeholders to define and support key local content objectives that will benefit the region.
- make a commitment to earn the confidence of the region in approvals and reward that trust in construction.
- produce and share prequalification standards with the external service providers who will deliver supplier capability development as soon as possible to give maximum market preparation time.
- produce and share a training needs analysis with the external service providers who will deliver the training and upskilling strategy for workers, again maximum preparation time for upskilling.
- talk to the region openly about reality of project engagement and how processes will work even if it may be news that might make the communications team cringe. The honesty of trust may be at times raw.
- prepare scopes of work and job adverts to be released as soon as possible to enable the earliest understanding of supply and labour capability.
- don't wait for one big announcement about 'jobs and opportunity' but rather keep an ongoing narrative that is educational and helps develop shared understanding.

Key Message: Positive outcomes for project and region involve clearly defined stakeholder roles, especially between project and government.

36. Defining External Stakeholder Roles

Local Content Advisors often sit on the intersection of expectation and disappointment, having to quietly discuss cold commercial and economic realities with collaborative yet often misinformed and misaligned external service providers, supply chains and communities.

At those times we have to professionally, objectively and honestly represent the views of the project to external stakeholders. These views may deliver an uncomfortable truth about what they have been led to believe to date and the actual alignment of intent, practice and outcome.

One of the benefits of early local content adoption is allowing the time to align the project effectively with the external market service providers and avoid that scenario. When local content adoption is left too late, and the market is misaligned, local content is impossible to re-engineer.

A shared framework of responsibility

Engaging external stakeholders for any project is always complex. From a local content perspective, the diagram below illustrates a model that relies on a central Project Owner (highlighted in green) owning the local content strategy and then providing the policy, process and systems framework for a broader participation.

Through this framework, buyers, suppliers, recruiters and workers (highlighted in blue) can commercially connect and exchange information to build direct relationships. To execute local content well, the project needs to ensure that the privacy and confidentiality of any subcontract or employment transaction is kept within the project's control and insulated from risk.

The outer circle identifies the broad categories of external stakeholders who are either invested or interested in getting local content outcomes and may or may not be engaged by the project. Local content is 'ground zero' for the subcontracts and the jobs that will benefit them, but their enthusiasm to help can sometimes carry more risk than opportunity.

To ensure the project can maintain probity and maximise local content, it's important that the external stakeholders understand their role, the interfaces and that hand offs are clearly defined.

Highlighted in the wheel are three broad categories of external stakeholders from

a local content perspective. This is not intended to be a definitive or ultimate list of external stakeholders as each project varies. The stakeholders are represented in terms of local content approach.

Each construction project will have differing requirements regarding Industrial Relations, Indigenous Land Use Agreements (ILUA) and the clients local content vision in operations. Local content does not have direct relationships with these groups (highlighted in grey) however it is fundamental to understand the project's engagement approach with these stakeholders to inform the internal local content strategy.

Often, there are numerous stakeholders looking to engage with local content and their engagement is heavily dependent on the capacity of the local content function and how well prepared the external stakeholders (highlighted in orange) are to align effectively with the project.

There are opportunities with all these groups to develop better local content outcomes and we provide summary information overleaf. However critical path engagement for the local content function should always start with the business and economic groups (marked in purple) who have the best connection with the supply market.

Diagram 15: The external stakeholder wheel.

External Stakeholders Unpacked

All things considered, the project needs to know their region – as all regions are different and capability and capacity of stakeholders vary. Even the national organisations can provide very different State level experiences and service offerings.

Highlighted in grey are the three external stakeholders who, when engaged, often have the most defined connection to the project.

First Nations People

Any meaningful local content strategy should be grounded in the economic and employment requirements of the region's First Nations people. This is achieved when local content aligns with the project's Indigenous Participation Plan, Indigenous Land Use Agreement and Cultural Heritage Management Plan.

Project Owner's Operations Team

Ultimately the easiest way for a project to leave a legacy is to ensure the project supports a strategy that hands over a construction benefit to the client in operations. For example, aligning training plans in construction to create workers for operations. Local content needs to align with the broader Project Execution and Legacy strategy.

Unions

This is a specialist area of engagement not directly within the local content scope and will be entirely dependent on the projects Industrial Relations Management Plan. Alignment with the local content strategy will occur in areas associated with the purchase of Australian manufacturing (when competitive), utilisation of Australian labour (where skills are available) and the development of conditions for secure employment and the restocking of regional populations.

In purple at the top are the key connectors to the regions.

Chambers of Commerce/Progress Societies

Town-level business memberships or economic advocacy groups are ground zero for community communication. They are often run by volunteers, or at best they may have a handful of paid staff. Membership will likely be retail, accommodation and progressive local subcontractors. Attend their meetings to find out what is really happening.

Many other stakeholders question these smaller groups lack of resourcing as a capability constraint. This may be the case, but that's precisely the reason they should be engaged, and their development supported. A little bit of project help goes a long way and if ever evidence was needed of how a proactive Chamber coupled with industry support can create significant outcomes at a 'town and surrounds' level then look no further than Chinchilla Community Commerce & Industry (CCCI).

Regional Economic Advocates

Depending on which State the project is operating in these groups are either the larger chambers of commerce, supplier membership groups or community aligned economic advocates. These groups are often the best positioned to provide primary interface for local content strategy engagement and project external communication. Examples of these groups may be the members of the Queensland Local Content Leaders Network, the G21 Geelong Regional Alliance and the NSW Business Chamber.

These advocate groups are strongest when they can unite Councils, industry and major employers with state or federal government representatives being ex-officio. These groups have either paid or free membership and focus on economic advocacy and development. They can provide program management of specific regional development and education programs, events and networking opportunities.

These groups are often disadvantaged by the dominant federal policy logic of 'full, fair and reasonable' which is often translated as all suppliers in Australia having the same opportunity to compete for contracts. This often leads to projects being reluctant to use these regionally specific groups as a primary communication channel because of misgivings around preferencing regional member-based organisations.

Meaningful engagement with regional economic advocates, and the Chambers of Commerce/Progress Associations, is encouraged because the risks are relatively small and easily managed and the opportunities are significant and can be incredibly beneficial.

We also recommend engaging these groups due to the complexity of a project's relationship with government stakeholders. With government, the local content narrative may cross over with environmental approvals, land access, road usage, utility access or emergency services requirements and it is easy for local content to sometimes stumble into a far broader and more complex engagement framework.

Government relationships can be very successful and incredibly beneficial for both project and community. However as a rule, providing information on progress to an organisation who is also an approver and regulator needs a level of consideration and permission that doesn't always fit with the local content timeframes.

It is often the case in local content that opinion will be sought on recommendations regarding particular local suppliers, and the project should never ask any level of government to recommend or prefer one business over another.

To align external stakeholders in the appropriate timeframe, we recommend a project begins relationships with the Regional Economic Advocates and Chambers of Commerce/Progress Associations as early as possible in the project lifecycle.

Local Government Councils or Shires

The interface between project and council has multiple layers of engagement, given the many facets of community interests represented. The Council/Shire will generally be the regional leader in economic advocacy, an enthusiastic supporter of local content and have a deep-seated knowledge on the whole project lifecycle. Mayors and Councillors should always be the most holistically informed regional stakeholders because in many cases they are the ones engaged on the ground and answering questions about the project to a community that is looking for answers.

Conversely, they play a critical role in being the voice of the community back to the project, influencing the smartest way to achieve project co-existence and identifying where work needs to be completed on associated infrastructure.

Local content engagement with Councils and Shires should really be judged on a case by case basis as size, investment and sophistication varies. There is a balance that needs to be struck and communicated between both parties. On one hand working with a Council/Shire is both respectful and valuable, on the other hand, some of the larger projects can be overwhelming for some Councils or Shires. Often projects are already consuming a lot of Council/Shire resources on matters relating to roads, water, approvals and land holding so layering in local content to that mix may suit an external narrative but doesn't always lead to the best outcome. This is why when Councils/Shires work collaboratively with Regional Economic Advocates the burden is often better shared.

From the local content perspective, Councils/Shires are the natural collaborators when it comes to promoting the project region's recreation and lifestyle options, especially when considering any off-roster worker participation in local events, or leveraging the project for either resident employment participation or new population attraction.

State Government

Naturally, the interface between project and State has even more layers and complexity than Councils, with considerably more community interests at hand. The local content priority is for supporting training/upskilling of labour, championing the development of supplier capability, and investing in economic development to identify and stimulate innovation. Further detail on this relationship is included in Section 35.

Federal Government

Federal Government is often the easier stakeholder to define as they have a 'whole of Australia' perspective that eliminates risks associated with geographical bias. As a regulator the Federal Government is responsible for approving Australian Industry Participation Plans, compliance and reporting. Their broader investment in employment diversity programs comes in many forms, for example the National Indigenous Australians Agency (NIAA), VTec providers and the JobActive providers in addition to supporting programs for Veteran employment and refugee migration and assimilation. The Federal Government supports the broader

economic development agenda through the Regional Development Australia (RDA) as well as the 'City Deals' network. Often Federal Government will co-invest with the relevant State government especially in sector development as listed below.

Sector advocates

These advocates can play a key role in educating their sector about local content standards, championing education and innovation programs, and brokering sector, government and regional relationships.

Early engagement by project owners looking to develop a sector for medium and longer term value is the best alignment and there are groups such as Austmine, Advanced Manufacturing Growth Centres (AMGC), Centre for Defence Industry Capability, (CDIC), METS Ignited and National Energy Resources Australia (NERA) that are leading some important sector innovation.

The challenge for sector advocates looking to support local content outcomes is they are often best utilised by projects that engage early in the market through a long-term corporate strategy. When they are engaged too late in the project lifecycle their strategy can appear somewhat academic because by that stage the project is looking for tactical outcomes and not strategic innovation.

Industry advocates

These groups are vital representatives of industry and have the greatest understanding on how their industry members can deliver local content but also, they have a realistic view of what is actually achievable.

The Australian Industry Group (AIG) is the largest of these advocacy bodies. However there are other important industry contributors such as the Australian Contractors Association (ACA), Australian Owned Contractors Association (AOCA), Infrastructure Association Queensland (IAQ) and the Queensland Major Contractors Association (QMCA) are just some of the examples of industry advocates.

The standout leader is the Queensland Resources Council (QRC) which commissioned the Queensland Resources and Energy Sector Code of Practice for Local Content 2013 (the Code) as an industry-led initiative. Since 2013 they have produced an annual local content report called the Code Effectiveness report and they continue to be the leading advocate of local content engagement.

Workforce enablers

Training is only one small part of the employment strategy and often a government narrative of training crowds out the recruitment companies and human resource consultants who can also have a positive influence on project outcomes.

Regional employment needs support in the attraction, assessment, employment, engagement, industrial relations, training, performance, upskilling, retention and mobilisation of labour.

Incentivising recruitment companies to support the attraction of workers and families to move to a project region, incentivising labour hire companies to think longer term about worker development and security and working with human logistics companies to think smarter about worker mobilisation in regions can yield significant benefits.

Academia

Universities are amazing resources for economic lessons learned and there are a number of examples of beneficial University and Industry partnerships.

From a project perspective, their input is generally limited because the majority of their work focuses on either sectorial advancement and/or post project analysis and review although in regions which have seen multiple developments the previous lessons learned always contribute significantly to strategy. We note specifically the work of Dr Katherine Witt in the development of the understanding about project and region co-existence.

One way that projects should always engage with Universities is through providing work experience opportunities for students to get them involved in project life.

Project life can be very robust and not an environment for the faint-hearted. When the project and University work together to identify the students that will thrive in the project environment, then the educational outcomes for all parties are incredibly beneficial.

Providing work experience opportunities, for University, TAFE and school children is remarkably easy if the project commits early and openly to making it happen. It should be a mandatory criteria on all major projects to not just take on apprentices but also undergraduates.

The Bottom Line

The way a project seeks to align itself with the external stakeholders will be a matter for each individual project. If there was one tip to communicating with these groups, it would be to make it clear from the very beginning that if the market can't offer the project value in terms of cost, time and quality outcomes that benefit the construction program, then it is unlikely there will be any meaningful partnership during the lifecycle of the project.

Key Message: Local content is a shared narrative and a shared responsibility, and projects can't and shouldn't be the only drivers. Spend time working through the alignment to ensure the stakeholders who want to share in the story are also willing to be accountable for their part of the delivery.

(Government compliance requirements can be found in Sections 15 – 17)

37. Understanding 'Jobs'

The primary point of connection between government and projects is always jobs. Whether the government is an investor or an approver of the project, the priority is people having jobs. How does this relate to local content? Local people expect local jobs, so you can't discuss one without the other.

To the outside world and the external stakeholders, 'jobs' is a simple word that's used to convey a simple message. This means that job expectations build throughout a project's approval processes and even when the external stakeholder messaging plays down the employment opportunities, it is common to find high excitement when jobs are finally released to the market.

The challenge for Project Directors is that behind the word, 'jobs' is actually a complex, sensitive issue that needs to be co-ordinated and pulled together in a holistic strategy.

'Jobs' requirements

Established practices to meet 'jobs' requirements are largely focused on four areas, these being:

- industrial relations
- training and apprenticeships
- diversity of employment
- immigration of labour

Despite the complexity of each area, the requirements are generally well defined in legislation, spelt out in contracts and have subject matter experts who are experienced in the project environment. Requirements will quite often cover:

- establishment of a labour agreement
- committing to a targeted number of trainees and apprenticeships
- agreeing to a diversity target
- understanding the need to substantiate a request for a work visa with evidence of a skills gap

Project responses to these requirements are well practised. By the time the main works contractor has been awarded the contract to construct, most of these subject matter areas are already factored into the final estimate and the program execution strategy.

Typical outcomes of the strategy can be characterised by statements such as:

- we're paying to the award and the work conditions will be safe, healthy and supportive.
- we're creating XX positions for trainees and trade apprenticeships.
- we're going to employ XX% First Nations people and create XX other diversity positions.
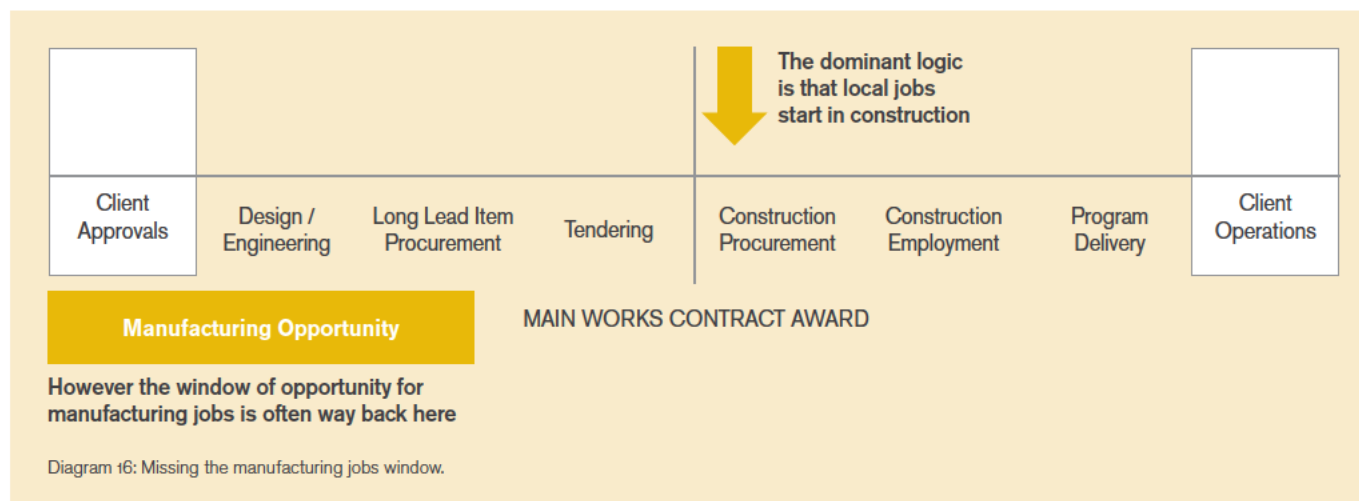- we're going to recruit locally but where skills gaps exist we'll need to bring in labour.

These statements are all valid, impactful and represent a significant contribution in both project cost and social contribution to community. However, the Project Director may find themselves in a position where the expectations are far broader and this is especially the case with manufacturing jobs and jobs in regional areas.

Manufacturing jobs

The challenge for creating manufacturing jobs is closely aligned with the broader challenge faced by local content as highlighted in Section 5, being that local content is often left too late. As the diagram below illustrates the dominant logic of local content and local employment is similar in that most strategies begin after the main works contract has been awarded, which means that the focus falls mostly on construction jobs.

The construction phase requires a range of trades from all disciplines which creates a range of job opportunities. However, it is often the case that projects require the construction of already pre-manufactured items.

In other words, the longer a project waits to implement local content and local employment, the less opportunity there is for manufacturing.

The dominant logic is that local jobs start in construction

| Client Approvals | Design / Engineering | Long Lead Item Procurement | Tendering | Construction Procurement | Construction Employment | Program Delivery | Client Operations |

Manufacturing Opportunity　　MAIN WORKS CONTRACT AWARD

However the window of opportunity for manufacturing jobs is often way back here

Diagram 16: Missing the manufacturing jobs window.

Regional jobs expectations

One of the fundamental differences between city-based projects and regionally based projects is that the expectations of a project's commitments to 'jobs' often go a lot deeper.

Examples of common regional expectations will likely be linked to:

- long term employment for workers
- future careers for the next generation
- migration and integration of families
- utilisation of town housing or tourism accommodation stock
- food for the camps being purchased in the region
- project buses can stop in regional towns for rest breaks
- replacement of labour lost to the project from other employers

On the whole, legislation and policy doesn't always recognise the differing needs of city and region. As mentioned in Section 16, there is latitude under the AIP National Framework to develop regionally specific solutions.

The Queensland Government has also developed specific policy known as the Strong and Sustainable Resource Communities Act (2017), which represents progress for regional employment however it is still a relatively new policy and like most things would benefit from some refinement. Recent announcements by the Western Australian Premier also show a greater understanding of the need for a different policy approach to regions.

The reality for leveraging a project to deliver a 'Jobs' strategy that meets these broader requirements is heavily influenced by the location, scope and duration of the project. Each project will need to make assessments of feasibility about what more can be designed into the project strategy.

If it is feasible for the project to meet some of these expectations in the execution of their strategy, then the requirements need to be factored in well in advance of the award of construction contractor. There is little or no opportunity to reverse-engineer the strategy to meet these expectations once that contract is awarded.

The key thing to remember when dealing with regions is that regional jobs are 'created' frequently. What regions value far more, is those jobs being 'filled' with workers.

So, what role does local content play in regional employment?

The role of the local content function is to engage early in the project lifecycle, especially during the finalisation of the main works scope of work and the subsequent tendering phases. This ensures that the broader local employment strategy can be factored in to estimates and program execution.

As the diagram below illustrates, the regional employment strategy needs to draw information from a range of functions and ask additional questions to bring together the information needed to check the feasibility of supporting a broader employment strategy.

Asking these questions early helps build a picture of whether a regional strategy is feasible allowing the project to be clear on what is achievable so that expectations are managed, and focus can be placed on building regional benefit.

Regional Employment Strategy

Industrial Relations	Attraction & Recruitment	How are we advertising for workers? What are the selection criteria for employment?
Training & Apprenticeships	Procurement & Subcontractors	Who is doing the employing? Are the employment conditions cascading?
Diversity Employment	Human Logistics & Mobilisation	What are the roster and travel plans? What are the main locations and routes?
Skilled Migration	Accommodation	Where are the location camps? How are the camps being supplied?

Diagram 17: Examples of additional questions.

FIFO workforces

Further investigation into the mechanics of the project and the capacity of the region also enables an assessment of the need to use FIFO workers. This may also include considerations such as:

- What is the availability and standards of local housing stock?
- How will the workers in that housing be able to access the worksite?
- What could the long-term career prospects of workers moving to the region be?
- How could the workers' dependents be also integrated into the community?

The project can only do so much when it comes to trying to meet expectations around 'jobs'. If the project worksite is based a long drive from a town, or there isn't any suitable accommodation nearby, or the project scope is only short, then it may not be feasible to meet expectations of living in the community and attracting families and/or dependents.

In the event that a project has the scope and duration to offer a choice for workers to live in the region, then every attempt should be made to facilitate those opportunities. The project should actively collaborate with the local Council to develop a shared strategy that promotes both employment and liveability factors.

The important point that often gets lost in the FIFO debate is remembering that workers may have choices about where they can work, but often have less choice about where they live, especially if they have dependents.

The project may be able to create residential roles, the region may have available accommodation and amenities such as child care, education and health facilities and the Council/Shire may be able to promote the region as a place to live: but it all collectively needs to be attractive to the workers and their dependents.

Barriers to regional jobs

Even when the project's location and scope allow for opportunities to develop a regional employment strategy, there are still some external barriers that the project may experience.

Subcontracting arrangements

When local content is pushed further down the project lifecycle, scopes, tasks and jobs become more fragmented. Where subcontractors are scheduled to do the majority of the employing, the mechanism fails. Why? Because the companies with the shortest scopes of work are having to meet the long-term careers and development aspirations of the local labour force.

Although a project may last a number of years, employment scopes may only last a number of months which is often far too short to mean a worker would move for that duration.

Cultural assumptions

It is important that Project Directors challenge cultural assumptions internally to see if a change of thinking can create a change of outcome. Some examples are:

- A culture developed through the approvals phase that there are no skilled workers in the region and as a consequence recruitment should be focused elsewhere. This is often caused by assessments of labour undertaken using old data to forecast future needs and doesn't factor in that people may move for opportunity.
- An attitude that regional workers need a lot of training and may not be able to come up to speed in time for the project. The counter point to this being that some of the workers in the region believe they are entitled to a job and consequently not undertaking the correct training.
- An assumption that regional workers may be 'unsafe'. Often being brought up in the region may actually allow regional workers additional understanding of safety and how to manage the environmental conditions and identify dangerous wildlife. Early engagement with a regional workforce on safety protocols can mitigate this risk.

Market employment models

To almost all government-funded employment organisations, 'jobs' means either blue collar training and/or apprenticeships. Although government provides support for other diversity employment strategies, all roads generally lead back to training.

However, this is where the problems can start for the project and the region because although government may largely define employment as training and apprenticeships, in reality, this is only a small part of the approach actually needed. Training may dominate 95% of the 'jobs' narrative but only provide 5% of the employment solution and projects need to adopt a far broader interpretation.

Examples of some excellent case studies in training and development strategy exist and most notably at an industry level with the Queensland Minerals and Energy Academy or at a project level the Lend Lease and NSW TAFE Barangaroo Skills Exchange.

Good news stories about training and development normally satisfy the external communications teams and many Project Directors take greater personal satisfaction in opening up diversity employment opportunities.

Constraining the definition of employment by only focusing on training however is a major barrier to providing workers continuation of employment. Projects should investigate models that integrate attraction, recruitment, retention and re-mobilisation of labour to provide a more rounded strategy.

Key Message: 'Jobs' is far more complicated than just a four letter word, especially in regions.

38. The 'Jobs' Campaign

In our opinion, nothing beats a project leading a jobs campaign which links to a broader regional employment strategy. Regional communities become stronger and more sustainable when the job messaging is delivered at the best time for the project and the region.

More often than not, projects will see job advertising as an activity connected to a one-off launch event aligned to the announcement of a project. In reality there's a lot more value to be gained if the project can establish a 'Jobs' campaign that starts far earlier in the project lifecycle and consists of a series of announcements within an earlier window fashioned into an ongoing campaign about employment and skills development.

Illustrated in the diagram below is an example 'Skills Testing Window' that should be explored in the lead up to the release of the contracted jobs.

Project Directors may find resistance to advertising earlier in the project life cycle. However the value of understanding who may be available in a region, what training is likely to be needed and how the project may impact on labour movements in construction is incredibly important information to help finalise FIFO requirements, instruct training providers and mitigate the impacts on other employers in the region. Advertising earlier for 'jobs' informs a far better regional employment strategy.

Resistance will most likely come from the teams responsible for external communication because they will be concerned that advertising 'future jobs' may lead to raised expectations which may not eventuate. Ironically, the mitigation to this issue is of course better communication.

The theme of early engagement and making the mental leap to bring local content/employment activity forward in the project lifecycle is once again the key message here.

Diagram 18: Earlier engagement informs a better jobs strategy.
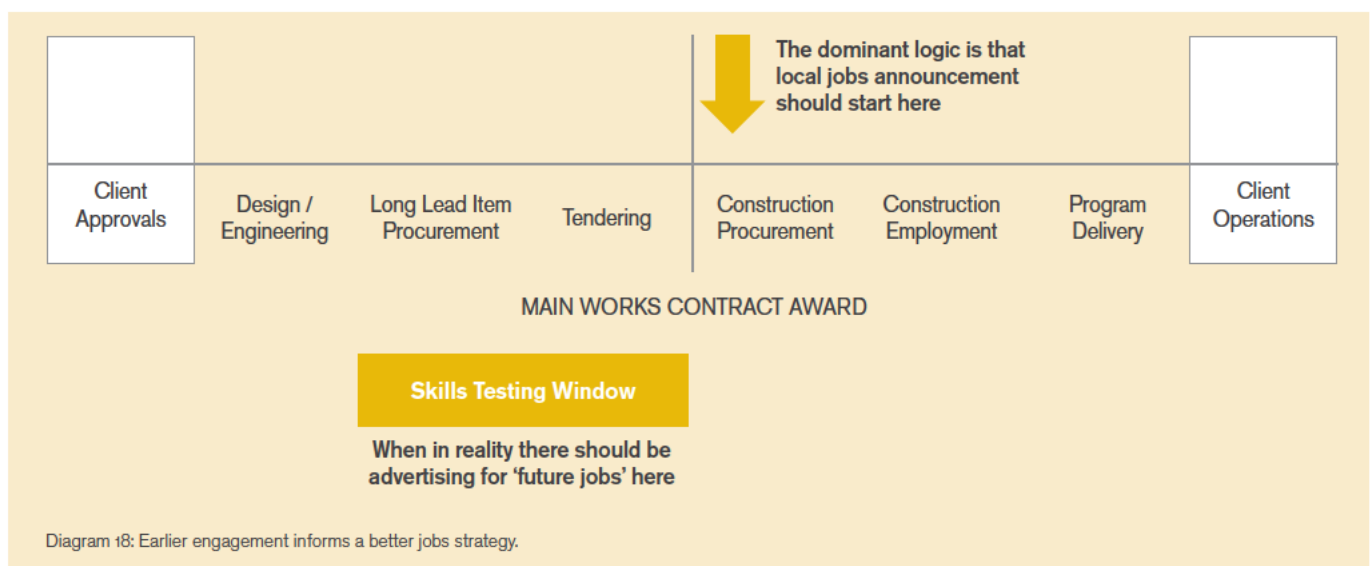
Job applicants

The basic principle to remember when the project launches a jobs campaign is there are three cohorts of workers that need to be managed. They are:

Employable and qualified to hire - at the centre of the strategy should be the workers that the project will employ. The jobs campaign should always be about getting the best and most productive workers who have the skills and experience to deliver reliability into the project.

Employable with upskilling - workers who want to be employed on the project but aren't quite ready, either because of qualifications or timing. This group needs to be diverted into training and upskilling with collaborative training providers.

Project unemployable - these groups are keen to work on the project but for reasons of availability, skill or scope, just won't be employable on the project. Supporting these workers to understand the project, the skills that are needed and then ways they can access non-project related training throughout the engagement process can yield significant benefits for the region.

Just because a worker may not be a fit for the project, doesn't mean they won't be a fit elsewhere in the supply chain and/or region. Projects that can engage at all three of these levels will always have the best opportunity to support regional communities.

The diagram below highlights opportunities to inform a broader strategy from leveraging the jobs campaign to not only fill project jobs, but to also inform an integrated strategy and narrative.

Having a broader view of the employment impact that the project will have is such an important aspect of managing the jobs narrative and supporting the project program.

Connecting regions, industry and a range of workers requires a holistic solution and integrated marketing and human resources software provided by companies such as uWorkin* who use technology to manage all three levels of project employment expectations and responsibility.

Key Message: The project's focus may be only on 'jobs' for workers on the project, but the local employment expectations are far broader.
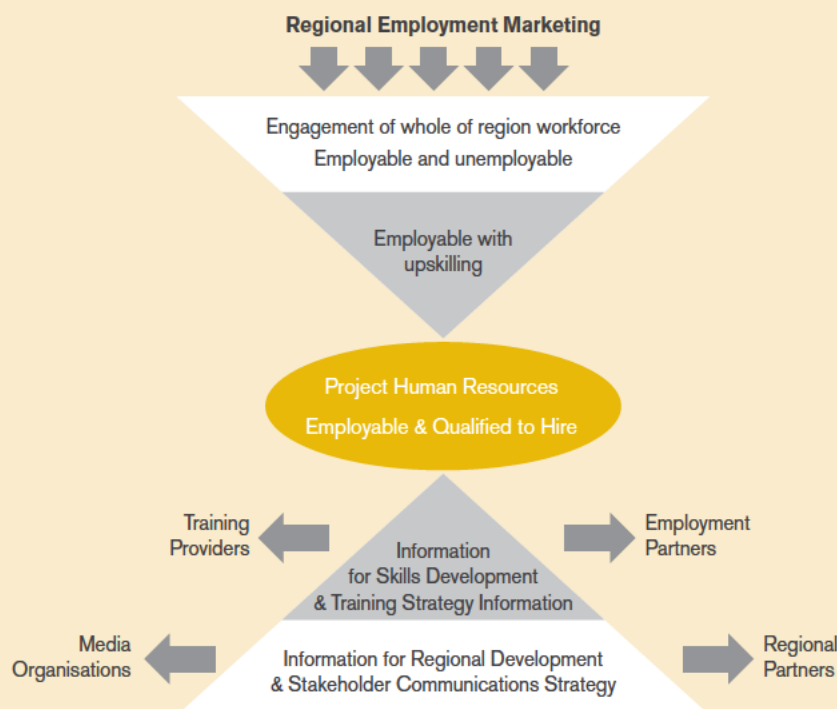

Diagram 19: Managing local employment expectations.

TAKING THE LEAP

Putting theory into practice with the 'Local Content A380'

This is where we bring it all together – read this section to understand how Local, Alignment, Economic and Participation factors come together to create a successful local content strategy that has real outcomes for a project region.

39. Landing the Local Content A380

It could be said that the local content challenge for a project coming into a region isn't too dissimilar to that of trying to land an A380 aeroplane on a bush landing strip.

This particular local content flight took off in approvals, where the landing gear seemed to work just fine. Throughout the flight, there weren't any warning lights coming from the design, engineering or tendering teams. But now, as the tendering main works contractor is preferred, thoughts start to turn to the descent and how we're going to land this thing.

In short, if the project is the A380, and the region of operations is the runway, then your LEAP Plan is the primary shock absorber in your landing gear and the wheels needed for traction are the regional external relationships. Things may have changed in-flight, so you might want to check the mechanics that are about to support the project's impact on the community.

Mass of Investment, Compliance and Expectation

The core requirement is an Australian Industry Participation Plan (AIP Plan), which captures the project's approvals, policy and compliance requirements and aligns with other key conditions. These requirements are passed on from the project proponent to the project constructor via the head contract, as illustrated in the diagram below. In engineering terms, these requirements become the mass, or the weight of the plane.

The diagram below provides examples of the typical compliance, legal and relationship requirements which should be captured in the project LEAP Plan. The project constructor bears the weight through this plan (marked in blue) which should be developed and implemented during tender, to become an executable plan under the contract.

If not mitigated through the LEAP Plan, the mass of these requirements during landing may make for a hard impact.
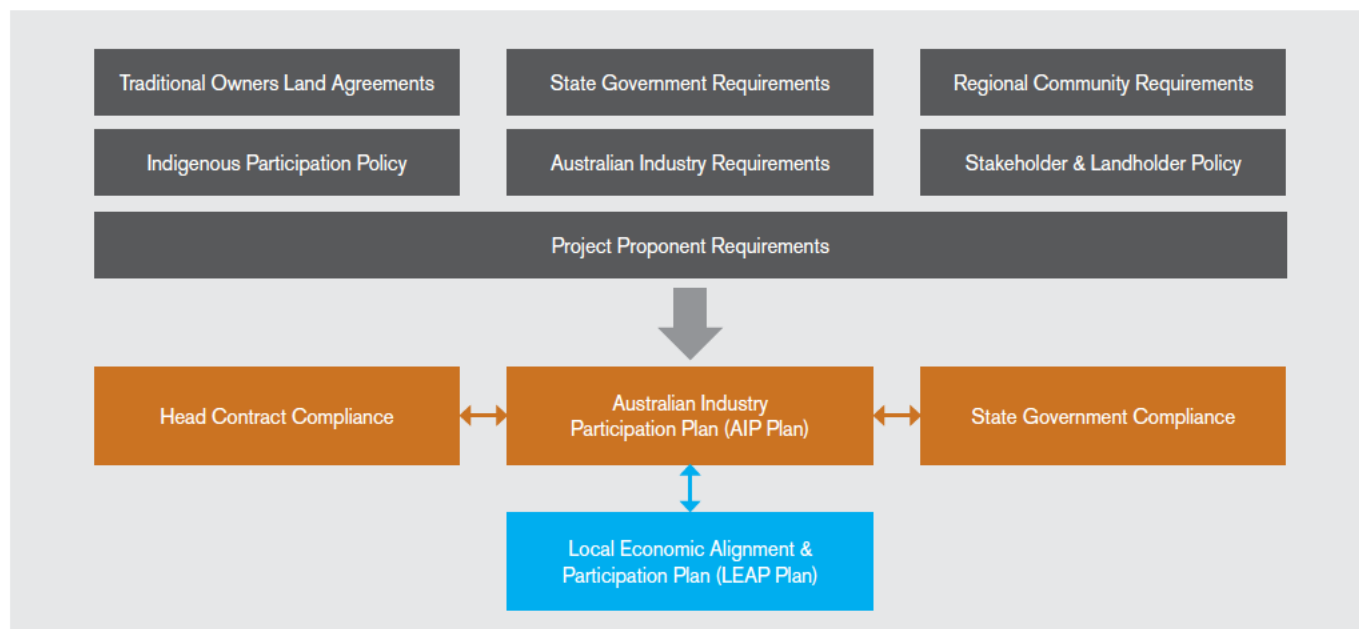

Diagram 20: Relationships between requirements, expectations and plans.

The Project Director needs to review the LEAP Plan, ensure the head contract clauses support the mass of requirements and allows for resources for delivery.

Key Message: Project Directors need to check the mechanics are in place to bear the 'impact of landing'.

40. Local Content Landing Gear

Shock Absorbers

Ensure that the project's LEAP Plan is aligned with the two core internal local content drivers, procurement and employment, to absorb the shock of landing. If requirements, policy and practices are cascaded to aligned internal functions and subcontractors, through contract provisions and subplans, then there are a range of processes and documentation that can increase the effectiveness of those shock absorbers as illustrated in the diagram below.
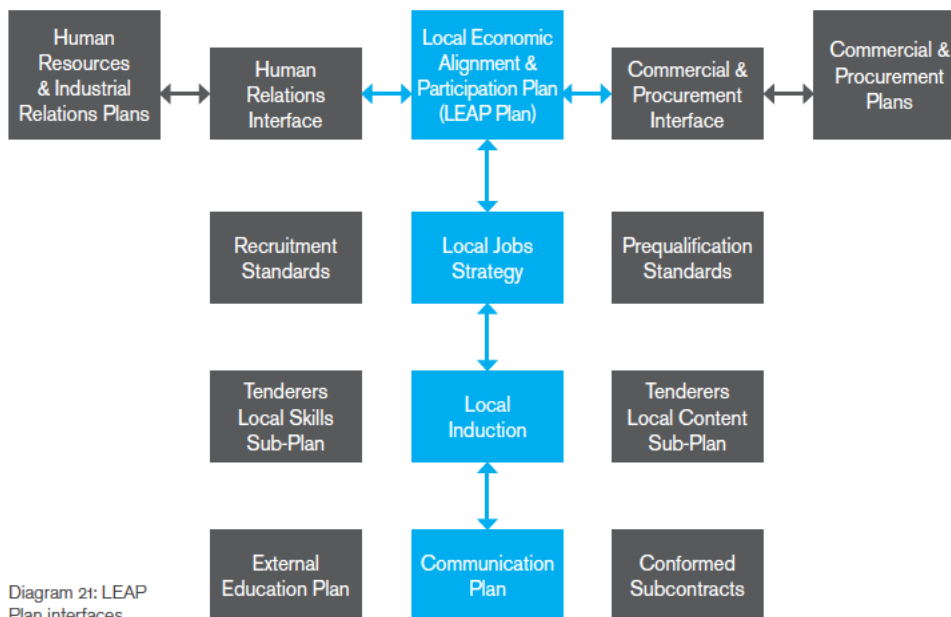
Human Resources & Industrial Relations Plans	Human Relations Interface	Local Economic Alignment & Participation Plan (LEAP Plan)	Commercial & Procurement Interface	Commercial & Procurement Plans
Recruitment Standards		Local Jobs Strategy		Prequalification Standards
Tenderers Local Skills Sub-Plan		Local Induction		Tenderers Local Content Sub-Plan
External Education Plan		Communication Plan		Conformed Subcontracts

Diagram 21: LEAP Plan interfaces

The diagram above highlights an example of interfaced plans and systems that can be connected under a LEAP Plan to ensure the impact of the landing doesn't break the plane.

Three points of contact

Similar to the configuration of a plane's landing gear, local content always has a smoother landing when the Project Director can increase regional traction and direction control by co-ordinating the three primary 'wheels' of local content touchdown.

Employment Strategy	Communications Strategy	Contracting Strategy

Regional Touchdown

Diagram 22: Three points of local content contact

An aligned communication strategy is a significant asset to the delivery of local content and should ultimately control the plane's direction after landing. In short, a project can say what it wants publicly, but if the region's suppliers are dealing with long payment terms and the workers have poor working conditions, the plane's not going to land straight, regardless of the communicated direction.

Key Message: Make sure you've prepared for a smooth landing, with everything in alignment.

41. Wheels Down

An important part of any landing gear are the wheels – if you don't have the wheels down, good luck. In local content terms, the 'wheels' are the range of stakeholders who need to be engaged throughout landing (and taxiing).

Although the diagram below is a static representation of the wheel featured earlier, in reality the project will likely connect with all of those stakeholders at some stage in landing. To taxi, the engagement wheel will turn throughout the project. The diagram below emphasises the optimal connection with community, to maximise regional traction and support the weight of the region's expectations.

Diagram 23: The external stakeholder wheel.

The comparison between local content and landing gear is complete when seen from a zoomed-out perspective.
In principle, it's very simple on the surface but there's a lot of detail that is important to get right before the moment of impact.

Compliance
+
Expectation
=
Mass

Shock absorption

Wheel

Touchdown

Traditional Owners Land Agreements	State Government Requirements	Regional Community Requirements
Indigenous Participation Policy	Australian Industry Requirements	Stakeholder & Landholder Policy

Project Proponent Requirements

Head Contract Compliance	Australian Industry Participation Plan (AIP Plan)	State Government Compliance

Human Resources & Industrial Relations Plans	Human Relations Interface	Local Economic Alignment & Participation Plan (LEAP Plan)	Commercial & Procurement Interface	Commercial & Procurement Plans
Recruitment Standards		Local Jobs Strategy		Prequalification Standards
Tenderers Local Skills Sub-Plan		Local Induction		Tenderers Local Content Sub-Plan
External Education Plan		Communication Plan		Conformed Subcontracts

Regional Economic Advocates · Chambers of Commerce & Progress Assoc · Councils & Shires · Academia · State Government · Federal Government · Project Owners Operations Team · First Nations People · Unions · Workforce Enablers · Non Government Orgs · Industry Advocates · Sector Advocates

Project Buyers · Project Recruiters · Local Workers · Local Suppliers

Project Owners

Employment Strategy	Communications Strategy	Contracting Strategy

Diagram 24: The Landing Gear of Local Content.

Positive castor

It always pays to have a positive castor affect in any wheel alignment. Having a strong local content connection with the project's region ahead of the project as illustrated in the diagram below, or a clear investment strategy in the sector that the project will shop in later, always benefits the construction program, supports the business case of the project and ultimately upholds the projects' owners brand and commitment to public benefit through delivery of the promises.
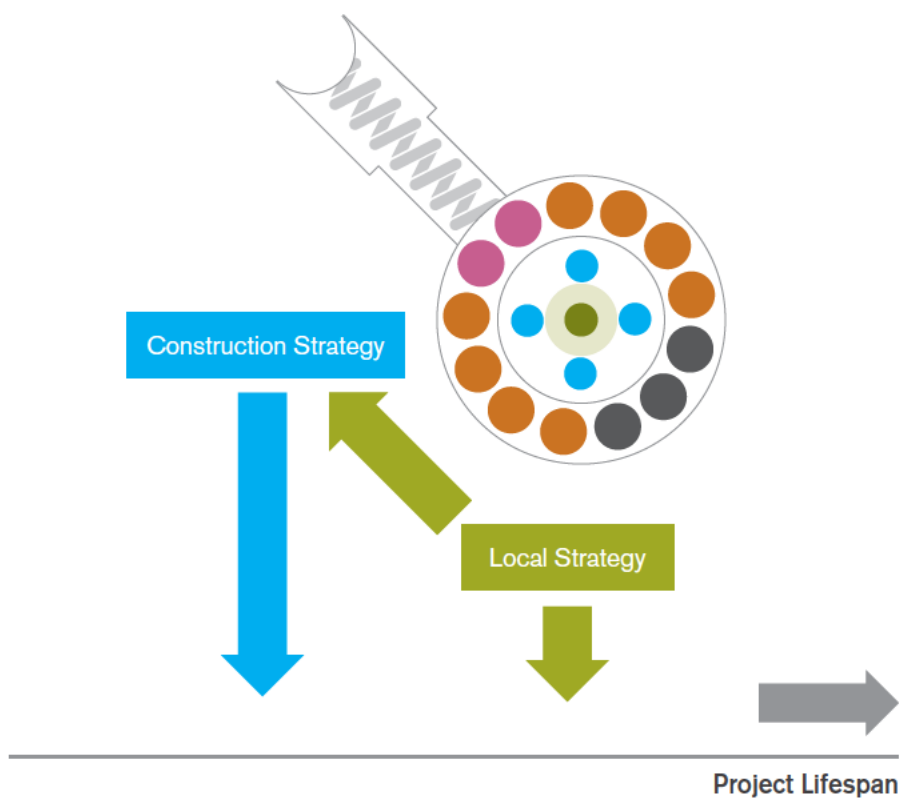
Diagram 25: The positive castor effect of local content.

Key Message: Take the time to align all plans, so your project is equipped to land the way everyone expects.

42. Make it Easy to Land

Most Project Directors are big thinkers who understand a nation-building agenda. They appreciate the value of the asset they are creating and want better local content. In short, they are generally committed to a local content landing where all the passengers applaud.

We tested this at the Australian Petroleum Production and Exploration Association (APPEA) in 2013 in Brisbane. We surveyed 35 executives from the top oil and gas corporates, projects and contractors and we asked 18 questions that covered three aspects of local content:

- what does local content mean to your company?
- what does local content mean to you?
- how much time do you give to local content on a day-to-day basis?

This research offered some insight into the opportunities and challenges for local content and has been reinforced as true across a range of sectors since then.

Research insights

As professionals, executives mostly saw local content as defined through a social outcome rather than an economic one. When the executives had identified economic outcomes as their primary drivers it was often seen as common sense. As people, local content was genuinely important to them, with the majority either identifying as coming from a region or believing that supporting regional economies was consistent with Australian values.

When asked about how much time they spent on local content a day, given the pressing demands of other internal management aspects of the project, the answer was practically no time whatsoever.

Often, respondents looked genuinely disappointed when they realised that something that was really important to them as people wasn't always being delivered by the organisation or function they led.

The executive message came across loud and clear:

Make it really easy for me to understand local content, make my time in local content really matter, and give me a region that is easy to economically plug into, where I can get value in procurement and employment processes.

Key Message: The Project Director (as the pilot) needs a whole crew and ground staff to make it easy to land the local content plane.

43. Time to Land

Finally, when all the requirements of the A380 landing are put in place and the processes have been aligned the Project Director can confirm ready for landing knowing their crew has:

- completed the local content research
- participated in the local content discussion
- contributed to the local content workshop
- written and approved a well-authored project LEAP Plan
- aligned the external stakeholders and communications

Additionally, the team has:

- aligned internal functions
- identified the use of systems
- identified the value to the program and the community
- defined a clearer contracted requirement
- committed to the budget
- identified and hired a Local Content Advisor

All that's left to do is make that connection between the project demand, and the market's supply. Time for landing.

You can raise awareness through messaging around releasing work packages, prequalification standards or calls for innovation to be submitted from the market or through jobs and skills campaigns, to name just a few.

And if you've taken the leap, embedded local content early into the project lifecycle and set the project up for success you should be able to make a controlled and safe landing.

Enjoy.

Key Message: There's a number of ways to land a local content strategy but the key thing is to make sure you align the messaging with the reality.

ACTION TEMPLATES

Use these templates to facilitate how the project defines and documents the local content function.

Project Directors can use these templates to:

- receive an informative 30-minute local content status report expedited by the 'Local Content Stocktake' template.

- facilitate a 2-hour workshop to help the project team define a local content strategy that meets the project, economic and social outcomes with the 'Define Your Local' template.

- spend 30 minutes reviewing the development of your team's local content plan in a 'Local Economic Alignment & Participation Plan'.

- spend 30 minutes in an interview for a local content advisor based on the 'Job Description' template.

44. Local Content Stocktake

The first action template is a Local Content stocktake to build understanding and baseline the discussion. We recommend Project Directors issue these questions to functional leads. Then, schedule a 30-minute briefing to hear their answers.

Are we complying with Federal and State local content legislation?

Are we complying with Australian Design Standards? Are we "Designing-In" Australian options?

Are we employing, or preparing to employ, workers in line with the Australian Fair Work Act?

What are the local content conditions of the project approvals?

What reporting is required? Consider project controls, performance and media.

Do the local content clauses in the head contract allow for the local content outcomes that we require?

Do the local content clauses in our subcontracts allow for the local content outcomes we require?

Which packages can we unbundle to make it easier for smaller businesses?

Where can we vary the prequalification standards to make it easier for smaller businesses?

Do we include local content in our induction strategy?

Do we have the budget to back up our local content commitments?

Do we have dedicated headcount to focus on local content?

How much are we spending by region?

How many people are we employing by region?

What prequalification requirements are really needed for small businesses?

What are the barriers to paying small to medium enterprises in 7 days?

Do we pay the people in our workforce, subcontractors and suppliers, on time?

What is the reputation of our buyers?

What is the reputation of our recruiters?

Do we have an approved and communicated worker upskilling strategy underway?

Do we have an approved and communicated supplier capability development strategy underway?

Who are our primary external stakeholders in the project region and how will we partner with them?

Who are the external stakeholders who will help the project identify value?

How does the local content approach align with the Indigenous Participation Plan?

Are our external communications in line with the program schedule?

Have we identified the social venture or employment initiative we will champion?

Who will author/revise the Local Economic Alignment Plan (LEAP Plan)?

When can we hold a Local Content workshop that we can all attend?

45. Defining Project Local Content

When the project's local content status has been assessed, the Project Director can host a 2-hour workshop with the project team to define what 'local' means to the project.

Here are some focusing questions, and some thought-starters.

Question	Thought Starters
How do we define 'local' on this project?	Federal and State Government definitions Local Government Areas (LGA) with Development Applications (DA) Area of economic interest (Reference QLCLN) First Nations People (must align with Indigenous Participation Plan)
How do we define 'content' on this project?	Engineering. Design. Steel. Manufacturing. Civil. Structural. Mechanical. Electrical. Commissioning. Procurement. Supplier Development. Employment. Training. Upskilling. Work Experience. Social. Employment. Disability. Veterans. Diversity. Refugees.
How are we aligning internally to deliver local content commitments?	Interface: Engineering. Commercial. Procurement. Human Resources. Align: Construction. Communications. Project Controls. Logistics. Train: Executives. Procurement. Author: Local Industry Participation Plan. (LEAP Plan)
How are we going to implement local content?	Headcount. Full Time. Part Time. Team. Job Description. Budget. Systems. Communications. Events. Targets. Tender Weighting. Sub-Contract LEAP Plans. External Partners.
What are the Key Result Areas?	Compliance and Reporting. Engineering Engagement. Australian Steel/Manufacturing. Innovation. Early information to market. Prequalification. Training Needs. Program Productivity. Time. Cost. Quality. Reliability. Jobs created. Training courses deployed. Jobs in region. Diversity. Agenda Placement. Internal meeting attendance.
How do we plug into the region?	External Stakeholders. Economic development alignment. External Stakeholders. Construction program delivery. External Stakeholder Capability. Capacity. Realism. Business Connections. Training Connections. Digital Ecosystems. Local Websites. Local Portals. Social Ventures. Employment Programs.
What is the business case for more than compliance?	Time/Cost/Quality. Optioneering and Value Engineering. Reduced mobilisation time and cost. Competitive supplier tension.
Who is the Project Local Content champion?	Project Director and nominated executives. Local Content Advisor. (Close working relationship with Indigenous Participation Advisor)
What is going to be our social dividend?	Work experience. Disability employment, Veteran employment etc. (Community Team engagement)
What is going to be our legacy?	How do we measure success?
Who will write the LEAP Plan?	Who is going to drive the documentation and LEAP Plan revision?

46. A LEAP Plan Template

Capture the key actions from the local content workshop discussion and develop a Local Economic Alignment & Participation Plan (LEAP Plan) for internal revision, alignment and ultimately, the Project Director's 30-minute review.

Section	Some potential inclusions
Introduction	Purpose and Abbreviations. Relationship to the Indigenous Participation Plan (IPP). Client expectations. Program expectations. Definition of local, content and local content. Local content actions to date.
Functional Alignment	Differentiate Economic Licence to Operate from Social Licence to Operate. Relationship to other Plans, internal interfaces and hand offs. Organisational chart.
Compliance	Federal and State approval compliance actions. Subcontractor compliance actions. Industrial relations alignment. Compliance reporting and Code of conduct behaviours. Internal Inductions. Competition law, tendering risk, data privacy.
Project Plan Alignment	Project status: Approvals, design, tendering or construction/operations. Articulate the cost/benefit of local content and forecasted program value. Key Result Areas (KRA) and Key Performance Indicators (KPI). Targeted program benefits. Identified social outcomes.
Engineering Plan Alignment	Using Australian design standards. Unbundling scopes for Australian competition. Shopping for Australian innovation. Connect with Australian Universities. Early engagement of peak bodies. Optioneering and Value Engineering.
Construction Plan Alignment	Local content logic in the construction chainage. Opportunities for regions. Logistics and mobilisation of supply and labour. Supplier development alignment.
Contracts & Procurement Plan Alignment	Head contract instructions. Subcontractor clauses. Prequalification standards. Integrated tender assessment process and weightings. Communicating opportunity. Feedback to suppliers.
Industrial Relations/ Human Resources Plan Alignment	Worker attraction and assessment workers. How to retain and manage performance. How to train and upskill. How local content inductions occur. Training and diversity targets. How to mobilise and demobilise. How to mitigate risks of labour draw. How to leave a legacy of education and employment diversity.
External Stakeholder Alignment	Landholder approvals and status. Traffic management. Regional Economic Advocates/Chambers of Commerce. Federal and State Government. Training Need Analysis (TNA). Local Government. Community engagement.
Communication Alignment	Prequalification and supplier development. Opportunities for contracts, jobs and human logistics.
Global Contribution	Transition international best practice knowledge. Diversity of education. Substantiation for, and contribution of, international workers. Exploiting variations in currency rates.
Reporting	Compliance reporting. Performance reporting. Success Measurement. External communication reporting.

47. Job Description Template

If your project has capacity to nominate or employ a local content advisor, this job description may help define their role.

The role should report to either the Project Controls team or the Community and Stakeholder Manager with a dotted line to the Project Director as sponsor.

Effectively, the function becomes seconded into the approvals, engineering, procurement and employment functions throughout the project lifecycle. Collaboration with the Indigenous Participation Advisor is mandatory.

Local Content Advisor responsibilities:

- Understanding regional economic priorities and requirements and where a construction project can reasonably and realistically plug into a regional economy.
- Creating an internal interface model that aligns procurement and employment with community and media to meet the needs of design and construction.
- Ensuring compliance to all Federal, State and Local Government policy and approvals across range of commercial, employment and communication requirements.
- Making it easier for the engineering teams to 'go shopping' in the Australian manufacturing market and build a relationship with the relevant peak bodies.
- Work collaboratively with external stakeholders to assist in making it easier for the project to 'go shopping' in the region of operations.
- Building a holistic employment solution that meets both project employment requirements and also external stakeholder expectations.
- Align and share with the Indigenous Participation Advisor in support of the Indigenous Participation Plan priorities.

Key skills:

- Understanding what fits where in a project environment, the timing of the program and how to get things done internally.
- Understanding commercial risks, contracting strategy, procurement protocols and industrial relations.
- How to read estimates, procurement plans and workforce histograms. (It helps if you can at least not get laughed at by engineering).
- How to propose an internal business case in a project environment through short, documented plans, supported by numerical forecast and substantiation.
- How to support the design and construction team by pre-empting their needs and preparing the groundwork for opportunities to realise time/cost/quality benefits for the program.
- Internal Communication: Leading strategy and using other functional leads time efficiently.
- External Communication: Aligning communications and media strategy to the cadence of the construction program.

Finally, as a matter of course, a local content advisor should be briefed on contract law, especially provisions around conflicts of interest and the establishment of cartels. The local content advisor should be able to recognise and act, if and when conflicts arise.

48. Some Local Content Tips

Learn to plug into regions

- don't recreate the wheel.
- identify existing regional programs to support and regional websites to use for marketing.
- find established social venture programs that would get a boost from project support.

Apply a regional reporting rule

How do you handle allocation of regional spend when the general ledger only has the postcode of a metro head office, but most of the money is being spent in-region? It is important to apply some simple business rules to recognise those larger CBD businesses that make a significant contribution to regional economies. A simple example would be applying the 80/20 rule. You could say:

If the business has set up premises in the project region, with the appropriate Development Application, employs people who reside in the project region and contributes to local employment and diversity programs, then apply an 80% distribution of spend.

If the business has no need to set up premises in the project region but they still attend events in the region, are members of economic groups and support local employment and diversity, then apply a 20% distribution of spend.

If they make no effort at all to support a region then apply 0%. (And revisit your tendering strategy)

Don't mess up your supplier payments

The days of paying suppliers slowly or outside of terms are over. Money spent in advertising, branding and communicating a positive brand message is wasted if suppliers are having to chase for payment. You can monitor social media channels for disaffected suppliers, or open a hotline, but in reality, the construction team will always let you know if there are issues with unpaid suppliers.

Be fully visible to your project region

Don't constrain economic development with low visibility of opportunity – this often happens with poor timing in the project lifecycle or assumptions made in approvals that capability and capacity doesn't exist and will remain static. The project region needs to be aware of all opportunities in order to prepare regional manufacturing, develop supplier capacity and capability, upskill workforces and ideally attract new subcontractors into the region's industrial parks.

Accommodation camps are an opportunity for easy wins

Generally camp providers and service companies do a great job of prioritising local employment and subcontracting arrangements, especially in support of Indigenous programs.

The subject of food however can get emotional in regional communities. It seems obvious on the surface, but underneath there's a whole universe of commercial complexity and economies of scale. Consider how a camp service provider procures food and delivers a perishable item to a workforce of thousands, in the middle of nowhere, without giving anyone food poisoning.

The good service camp providers buy local - but don't assume it will just happen.

APPENDICES

Hughes *et al*

49. References, Diagrams and Declarations

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Diagrams

1. Where Local Content should start.

2. A hierarchy of Local Content compliance.

3. The four functions of community engagement.

4. The separate drivers of social and economic outcomes.

5. Transitioning communication focus.

6. Changing project personality.

7. Channels of compliance and innovation.

8. Local Content contribution to a Circular Economy.

9. Holistic Local Content interfaces.

10. Four phases of Local Content alignment.

11. Internal systems aligning for Local Content outcomes.

12. Differing Local Content investment profiles.

13. Optimum project and government alignment.

14. Typical project and government alignment.

15. The external stakeholder wheel.

16. Missing the manufacturing jobs window.

17. Examples of additional questions.

18. Earlier engagement informs a better jobs strategy.

19. Managing local employment expectations.

20. Relationships between requirements, expectations and plans.

21. LEAP Plan interfaces.

22. Three points of Local Content contact.

23. The external stakeholder wheel.

24. The landing gear of Local Content.

25. The positive castor effect of Local Content.

Declaration of Interest

Hughes et al is a member of the Queensland Resources Council (QRC), Infrastructure Association Queensland (QMCA), the Queensland Major Contractors Association (QMCA) and a member of the Queensland Local Content Leaders Network (QLCLN) which includes representatives from Capricorn Enterprise (CE), Central Highlands Development Corporation (CHDC), Gladstone Engineering Alliance (GEA), Resource Industry Network (RIN) and Toowoomba and Surat Basin Enterprise (TSBE) and regional economic advocacy organisation Greater Whitsunday Alliance (GW3)

Hughes et al has commercial relationships with uWorkin Pty Ltd (Regional Population and Employment Platforms), EconomX Pty Ltd (Regional Supplier Development), IRBIBIO Pty Ltd (Indigenous Partnership Strategy) and Indigenous Workstars Pty Ltd (Indigenous Employment Strategy)

50. Hughes et al

Hughes et al are specialists in local content. We help resources and infrastructure projects maximise the local content impact in the region where they are working. We partner with project proponents and EPCM contractors to design and implement tailored local content strategy, targeted to deliver economic, employment and social outcomes through approval, design, tendering and construction.

For more than 10 years, we have combined a passion for smarter regional economic investment with a practical industry knowledge acquired from delivering a variety of local content strategies for some of Australia's highest profile projects. Our approach has been a continual cycle of projects and improvements and we have learned a lot of local content lessons.

We understand the internal practicalities and priorities of infrastructure projects across approval, engineering, commercial, procurement and employment disciplines. We appreciate community expectations and media focus. We enjoy helping contribute to regional economic development.

Subject Matter Expertise

Our mission has always been focused on how to help regional jobs and assist regional repopulation strategy, based on a background of designing and managing national and global employment strategies for large corporates in Europe, Asia and Australia.

In 2006 we banked that experience and started cutting our teeth in regional economies. We worked in the Surat Basin of regional Queensland during the development of the Coal Seam Gas (CSG) industry, where we discovered the route to regional repopulation traced all the way back to local content.

Our first formal engagement as a Local Content Advisor was in 2009 and since then we have delivered subsequent projects in regional Queensland and New South Wales covering mining, defence, roads, tunnels and utilities from approvals through to operations.

As a local content advisory company, we specialise in working with project approval, design, tender and construction teams with our mission being to maximise the returns of every dollar invested for project productivity and regional development.

We bring clarity and process to the project lifecycle about where, when and how to maximise local content output and be realistic, smart and impactful for the region. We focus on construction program productivity and finding opportunities to create social dividends.

Services Offered

- **Compliance check** – Policy, plan and contract review coupled with ICN Gateway advice.
- **Local Content Coaching** – Mentorship and support for inhouse local content advisors.
- **LEAP Plan Alignment** – Strategic advice to project investors, owners and builders.
- **Day Zero tender program** – Tender team embedment and win theme plan writing.
- **Local content turn arounds** – Late tender, early construction local content alignment.

Please note, we work with a small but highly specialised group of subject matter experts who actively look for clients who have innovative and budgeted local content ideas and who need a little guidance and experience to get things started on the right track.
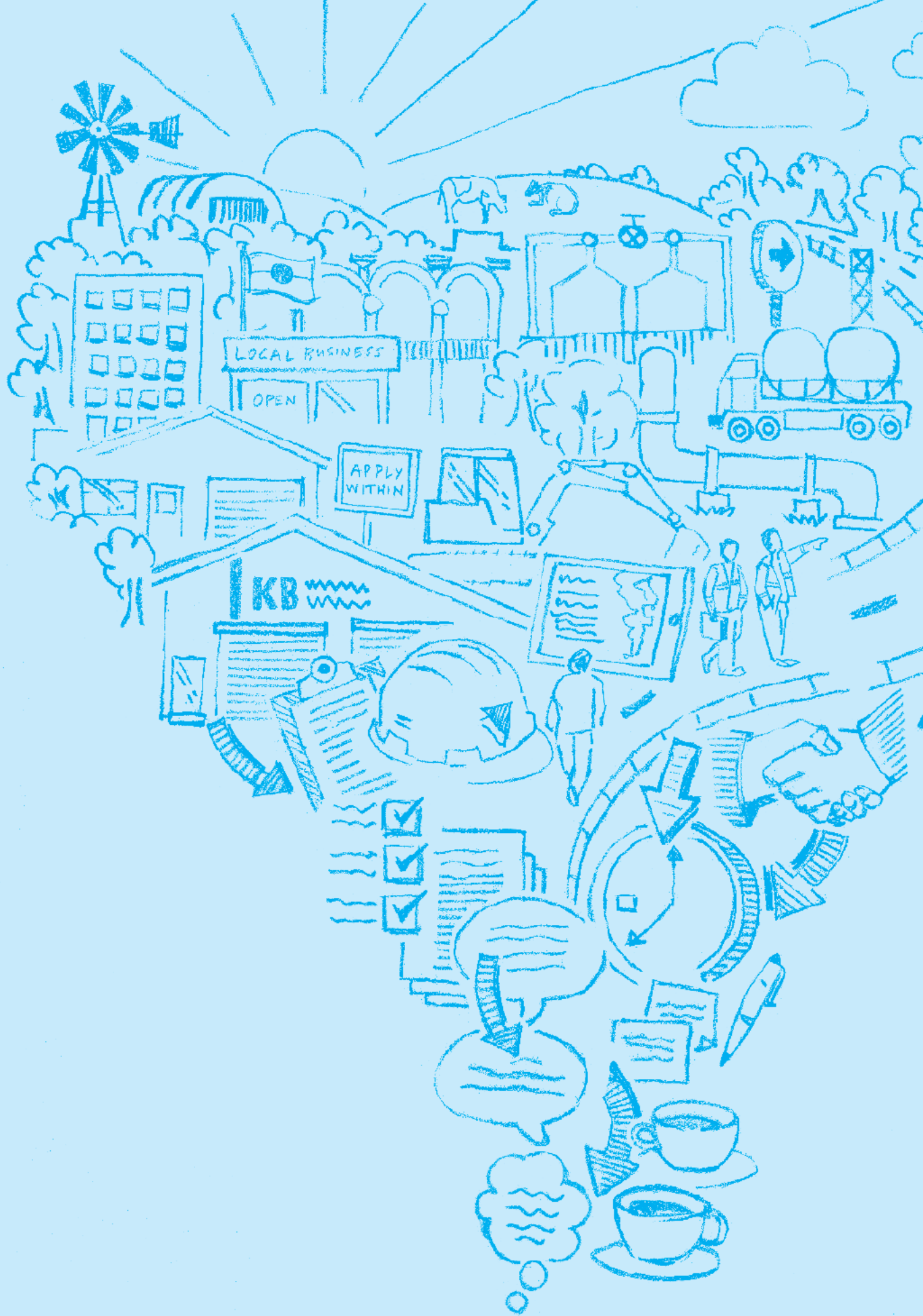
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Capability Statement

Who We Are

Since 2006, Hughes et al. (HEA) have established a local practice that provides advice, strategy, and systems of collaborative local content strategies.

We bring projects, industry and the community together through practical and meaningful strategies that increase local industry and local employment outcomes and create sustainable economic opportunities.

We consider ourselves invested in delivering positive economic outcomes from infrastructure and resource development in the regions in which we operate.

Your Local Content Experts

We have been trusted by some of Australia's most significant and high profile projects to deliver their local content strategy through industry participation, workforce development and informed stakeholder engagement.

Our experience in working for both Owners teams, and Main Works Contractors, enables us to develop collaborative local content models that support compliance, engagement, and delivery production objectives.

Ultimately, we are practitioners who have planned, tendered, calculated, evaluated, advised, implemented, and delivered which have successfully delivered billions of dollars of investment from major projects into regional economies.

Applied Knowledge Sharing

At HEA we know that knowledge sharing and continuous improvement with other local content advocates is key to successful outcomes which is why since 2022 we have invested in building digital models that can help you deliver your local content strategy too.

Differentiators

Experience — 1
Quality — 2
Innovation — 2
Value — 4
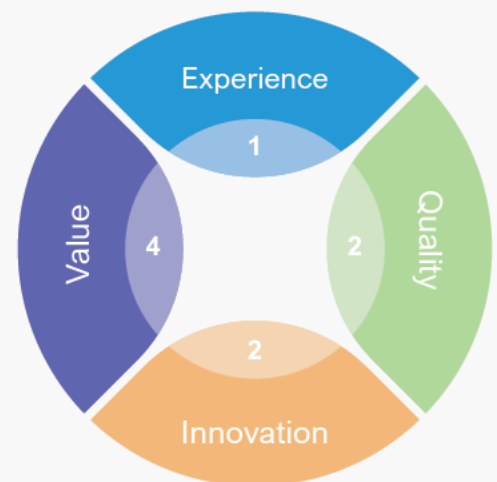
Our Clients

Powerlink - Central Queensland
Powerlink - CopperString 2032
Queensland Hydro
Oven Mountain Pumped Hydro
Sunwater
Riverina Redevelopment Joint Venture
ARTC Inland Rail
Transport for New South Wales
Gladstone Area Water Board
Snowy 2.0 - Future Generation JV
Project EnergyConnect
Laing O'Rourke (ASMTI)
Carmichael Mine and Rail (Bravus)
QGC Shell
Downer Utilities, Transport, & Defence
Broadspectrum
CPB Contractors
Clough
Downer Group
Commonwealth Government
Queensland Government
New South Wales Government
Business Queensland
Central Highlands Development Corporation
Goondiwindi Regional Council

About Us

10 Project owners

8 Delivery contractors

20+ Tender involvements

6 Economic bodies

2 Community Ecosystems

Services

Local Content Strategy Advice and Implementation

Building local content practices during design, approvals, early works, and construction phases, across the supply chain, and establish platforms for economic impact and legacy.

We bolster procurement, employment, and engagement teams with resources, systems and practices that define, enable and support the delivery of collaborative local content.

Participation Frameworks and Plan Writing

Writing Local and Australian industry and employment plans, that cover procurement, employment, and Indigenous participation, and align to stakeholder engagement objectives.

Developing collaborative frameworks that link plans and initiatives, together with functions and resources, and align with stakeholders from project and community alike.

Tender Development and Evaluation

Crafting tender documentation and evaluation frameworks for project proponents to help drive competitive and pragmatic tender submissions, and assessable local value.
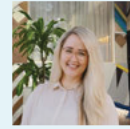
Undertaking tender evaluations, writing feedback on submissions, and providing reports on which tenderer will likely create the best local content outcomes.
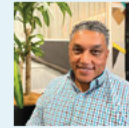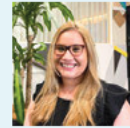
Hughes et al

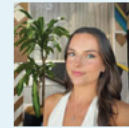### The HEA Team

Ben Hughes
Principal Advisor

Chantelle Roberts
Project Manager & Technology Lead

Kevin Alley
Industry Participation Advisor

Jacqueline Lawton
Industry Participation Officer

Juliette Williamson
Marketing and Delivery Advisor

Specialist Subcontractors

Brad Maher
Aboriginal Economic Participation

Sara Williams
Stakeholder and Communication

Why Partner with Us?

Through our years of experience and achievements, we have established a clear and collaborative framework, with affordable plans, systems and service delivery practices proven to work and deliver efficiencies for your project.

Our focus is always on helping our clients implement local content strategies that engage local resources in a smart, efficient and respectful way. And since 2022 we've been building systems that help us help others deliver local content strategies locally to them.

Core to our values is to work with clients who want to also leverage the opportunity to contribute back to the community they are operating in, by dealing fairly with subcontractors and attracting diversity into the supply chain and workforce.

And we're committed to working to ultimately empower the communities for the local term, and we do that through knowledge transfer and partnering with community to develop the tools, and to access the funding, to deliver local participation ecosystems.

To find out more about our partner program visit our website.