ADELAIDE, SOUTH AUSTRALIA
REGIONAL DEVELOPMENT THROUGH PROCUREMENT
In my presentation I will:

- Give a brief overview of Adelaide, South Australia (SA)
- Explain how procurement policy can drive economic development
- Outline the success of the SA Industry Participation Policy
- The role of the Industry Participation Advocate
- The opportunity to build relationships with Sri Lanka and other South East Asian countries
• South Australia is a strategic hub conveniently located at the centre of Australia’s road, rail, sea and air networks
• Flights to Sydney and Melbourne depart, on average, every 20 minutes during operating hours
South Australia’s economy at a glance

- State GDP: 2014/15 $98.5bn
- Australia’s total exports $244.2bn
- Food and wine 46% of merchandise exports
- Pristine land and marine environments
- Residential property prices lowest of Australia’s mainland capital cities
- 5th most liveable city in the world
A strategic global location supported by key infrastructure

A gateway to Asia:
Adelaide services 8 countries direct with 48 flights per week
South Australia offers a highly competitive environment and an ease of doing business which supports profitable investments.
Public procurement as a Policy Tool

(Roos 2012a)
Public procurement is an area of economic, political and legal significance, involving governments at all levels

- What to buy
- Who to buy it from
- How to buy
- The Criteria

(Roos 2012a)
There are a wide range of expectations of procurement that are increasingly considered by political leaders and the public service.

- Efficient use of public funds
- Better policy delivery
- Local industry & prosperity
- Leveraging of buying power
- Regional development
- Stimulating innovation

(Roos 2012a)
REGIONAL DEVELOPMENT THROUGH PROCUREMENT – ADELAIDE
Measuring Economic Benefit from Procurement through Labour, Capital Investment and Supply Inputs
The Success of the South Australian Industry Participation Policy
South Australian Industry Participation Policy

• On 29 January 2013, Cabinet approved the appointment of the first Industry Participation Advocate (IPA) to advance the aims of the South Australian Industry Participation Policy (SAIPP)

• The IPA was tasked by Cabinet to provide recommendations on how procurement spending can deliver maximum economic benefit to the State.

• The IPA made recommendations to the State Government directed at how procurement can be an economic lever for the State.
South Australian Industry Participation Policy

- It is important to note it is not about special treatment or price preferencing, rather it is about recognising the important contribution businesses make to the South Australian economy.

- Often value-for-money for the whole of government can be better advanced by taking into account benefits such as economic contribution and jobs, whole-of-life costs including maintenance, servicing, and quality through building close relationships with suppliers.
The physical location or the registered office of a business does not necessarily translate to economic benefit to the State. This is primarily through jobs, investment and supply inputs.

 Spending on Goods and Services is approximately $4 billion per annum & construction procurement is another $1.5 billion to $2.5 billion per annum.

Key Drivers of Economic Contribution from Procurement
Key Drivers of Economic Contribution from Procurement

• South Australia has a sophisticated, but still relatively simple, appraisal of economic contribution.

• Procuring from locally-based suppliers and suppliers who source inputs locally maximises the amount of local labour and capital used, and therefore the amount of economic contribution being retained in South Australia.

• The South Australian Industry Participation weighting system that balances the economic benefit to the State as part of a holistic value-for-money assessment.
A COMMITMENT TO CRITICAL INFRASTRUCTURE – NEW ROYAL ADELAIDE HOSPITAL

- 2000 staff on site at the peak of the project
- More than half a million tonnes of bulk excavation removed from the site
- more than 2,000 piles have been drilled
- 100,000m³ of concrete in the structure
- 25,000 tonnes of reinforcing
- 2,500 tonnes of structural steel
- Eight tower cranes at the height of the project
- Estimated 300,000 crane lifts to assemble the structure
- Each level of the hospital is the size of two football ovals
- Hospital itself is the same length as 28 Adelaide metro buses
A COMMITMENT TO CRITICAL INFRASTRUCTURE – TRANSPORT CORRIDORS
SA Industry Participation – a successful model

• Major projects awarded under the revised Industry Participation Policy have shown extremely strong results, with over **90 per cent** of the sub-contracts awarded to contractors where the majority of the dollar spend is in the State.

• For example in just six months the economic benefit to State from T2T project is $13 million or almost **90%** of the labour spend going to South Australians.

• In addition an extra $39 million has gone to local subcontractors and suppliers which is spent on local jobs, manufactured product sourced from within SA and raw material supply sourced from with SA. This is in excess of **93%** of the total spend in work packages to the end of the year providing direct benefit to the South Australian economy.
A VIBRANT CITY - VOTED 5TH IN “THE WORLD’S MOST LIVEABLE CITIES”
SA Industry Participation – a successful model

• Three years on and the Office of the Industry Advocate continues to provide economic benefit to the State and local businesses.

• Recent State Procurement Board report shows 90.2% of the value of goods and services contracts were let with suppliers located in South Australia in 2014-15.

• This compares with just 51% in 2012-13, clearly showing how successful Industry Participation Advocate role has been since it was established in February 2013.
SOUTH AUSTRALIA - THE DEFENCE STATE
South Australian Advantages...

The Defence State

Adelaide wants to be the French capital of Australia – Total support for France

Gateway to Australia

Property prices and leasing rates 60% cheaper than Sydney for premium office space.

Full-time labor costs 9%-20% below the Eastern States

RANKED 5th in the list of the world’s most liveable cities

we can support your investment more

We’re creating the LOWEST TAXING STATE in Australia for business.

$670 million in tax reductions over the next four years.

Happy = Productive
The role is to

- Provide independent advice on how State Government expenditure can be used to maximise the economic benefit to the State by increasing the number and diversity of local businesses winning Government work.
- Drive local investment, create strong value chains from the State's portfolio of major projects, support the development of the advanced services sector and leverage opportunities for innovation.
Advocacy Priorities

• Promote competitive, capable local businesses to government purchasers and private sector companies delivering contracts on behalf of government
• Recommend reforms to procurement and contracting practices to ensure local businesses are not disadvantaged.
• Ensure local businesses given full, fair and reasonable opportunities to win work on major projects under the Industry Participation Policy
Advocating for the Steel Industry

- The steel industry participation initiative is designed to give the local steel industry a competitive advantage against low quality imports.

- The steel certification initiative leverages from the South Australian Industry Participation Policy
While the Industry Participation policy has been highly effective, we want to make it stronger. The Industry Participation Advocate will require that design professionals engaged by government agencies seek to meet local procurement objectives in project briefs. This will ensure that wherever possible specifications will be made during the design phase to procure from locally-based suppliers and suppliers who source inputs from South Australia.

Through the Industry Advocate I will also be encouraging Local Councils to adopt this policy because they too have the ability to positively impact the South Australian economy through their procurement practices.
Advocating for Design to Support Economic Participation

- Design input at the commencement of a project can promote the increased use of South Australian inputs.

- Significant potential to provide breakthrough opportunities for innovative local design, products, systems and techniques.
Advocating for Growth and Innovation
Advocating for Growth & Innovation from State Procurement

- As part of Economic Priority 6 there is an objective to ensure that all major public and private projects support innovation and local businesses through their procurement decisions.

- Government procurement can drive innovation and growth by supporting businesses to develop an ‘ideas flow’.

- This can be achieved by encouraging and incentivising the private sector to collaborate and co-invest with Government.
• Founded in Adelaide in 1996
• Established CAMMS Sri Lanka in 2008 with 10 staff. Now have over 130 staff
• The Colombo office is not only the headquarters for Asian expansion, but also provides consulting, implementation, business and technical support to all CAMMS’ offices globally
• Over 250+ clients
• Headquartered in Australia with regional offices in New Zealand, The United Kingdom, North America and Asia
• Over $20M invested in the Sri Lankan economy by CAMMS, since 2008

Some of our Government & Public Sector clients...
AUSTRALIA VS SRI LANKA
Adelaide Oval, 22 February