



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

#	Member	Question	Hansard Reference
QG01QON	Dr Mulino	<p><b>CHAIR:</b> The preferred supplier that's refreshed sounds like a potentially quite impactful tweak. It is positive in that you are retaining some of the benefits. The unbundling is another strategy. Sometimes you bundle things up for good reasons; sometimes it can be a little lazy. Take this on notice, if you like: are there examples of where unbundling has enabled you to deliver the same project but in such a way that subcomponents which are a bit smaller or more specialised have been tendered more competitively, potentially, by SMEs and social enterprises?</p> <p><b>Ms Bailey:</b> The maintenance area is a very particular area where that works well. It's not just a benefit for that supplier diversity. You'll often find that, just in the way that the spend happens, there's often a third-quarter spike in spend, generally. People risk-manage their budgets; then in the third quarter they suddenly have a huge spike in spend. One of the problems with that is that you quickly use up local capacity. Even if you have targets to do local procurement, if you have a big spike and you spend in the third quarter, you've used up a lot of the local companies and you're having to—it's a perverse issue—bring in people to do that work. Unbundling and being smarter about our staging allow that to ease a little bit, and we can start to let smaller contracts earlier. That is easier for some of our SMEs, our Indigenous organisations and our social ventures, who often come together and they are not always a separate cohort. We can probably come back to the committee with some examples of unbundling.</p>	Proof Transcript, 30 June 2023, p. 39.
QG02QON	Dr Mulino	<p><b>CHAIR:</b> Take this question on notice. I am interested in any case studies which might be relevant, in that, firstly, they reflect a procurement process where entities have been able to bid for jobs in a way that adds to competitive tension and diversity of supplier and</p>	Proof Transcript, 30 June 2023, p. 40.

#	Member	Question	Hansard Reference
		<p>potentially innovation or, secondly, they demonstrate the social benefit very clearly. Some might do both. Given that it's a competition inquiry and we're looking at ways to add more competitive tension, we're interested, firstly, in the mechanics of the procurement structure and the way that adding more viable bidders adds to that tension. We're also interested in case studies that are very powerful as demonstrators of the benefit.....</p> <p><b>Ms Bailey:</b> We can provide the committee with case studies.</p>	
QG03QON	Mr Hamilton	<p><b>Mr HAMILTON:</b> It wasn't that long ago that the dominating conversation in the construction industry, which tends to be a big enabler, was about trying to mirror what you are trying to achieve. I would like to know how that has progressed. Do you find that is easily plugging into what's available?</p> <p><b>Mr Law:</b> My colleagues who work in the Indigenous procurement space work very closely with the tier 1 firms on the Indigenous procurement side of things. It is something that I understand a lot of them are doing. They just have to be asked in their tenders, when it comes to demonstrating social value.</p> <p><b>Mr HAMILTON:</b> Any commentary down through the tiers? Is that something that improves or is there still work to be done?</p> <p><b>Mr Law:</b> I might have to get them to come back to you. I don't work in that area. That is what I understand.</p>	Proof Transcript, 30 June 2023, p. 41.

## ***Case Studies of Unbundling, Social Procurement, Indigenous Procurement and Broader Definition of Value***

### **General**

A series of case studies of 'Social Procurement in action' can be found at [Consider social procurement | For government | Queensland Government](https://www.forgov.qld.gov.au/finance-and-procurement/procurement/procurement-resources/consider-social-procurement) (https://www.forgov.qld.gov.au/finance-and-procurement/procurement/procurement-resources/consider-social-procurement)

Whilst the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts (DTATSIPCA) don't have any case studies readily available that demonstrate 'unbundling' or specific processes to encourage suppliers to demonstrate social benefit, the following information on the selection of certain infrastructure projects as Indigenous projects under the Queensland Government Building and Construction Training Policy may be of interest to the committee.

- The [Queensland Government Building and Construction Training Policy](#) (Training Policy) is part of the Queensland Government's commitment to reconciliation and to closing the gap on Indigenous disadvantage, including improving the quality of life, equality of opportunity and fulfilment of the diverse aspirations of Aboriginal and Torres Strait Islander Queenslanders. The policy promotes, encourages and creates skills development, employment and business opportunities for Aboriginal people and Torres Strait Islanders in relation to Queensland Government building and civil construction projects.
  - Eligible projects located in an Aboriginal or Torres Strait Islander community and the Township of Weipa are automatically deemed Indigenous projects under the policy, while eligible projects through the rest of Queensland may be selected as such, through agreement with funding agencies and DTATSIPCA.
  - For all Indigenous projects, it is a priority that the core requirement (10% of the total labour hours or 15% for projects \$100 million or greater) of the training policy be met by Aboriginal and Torres Strait Islander apprentices and trainees and local Aboriginal and Torres Strait Islander workers.
  - The Training Policy also requires that an additional amount, equivalent to a further 10% of the total labour hours, be allocated toward an agreed Indigenous Economic Opportunities Plan. This equates to a minimum of 3% of the estimated project value (including GST) for building projects and a minimum of 1.5% of the estimated project value (including GST) for civil construction projects.
  - In 2022-23 a total of 17 Indigenous projects selected under the Training Policy were completed, resulting in Aboriginal and Torres Strait Islander jobs, training and procurement outcomes to a combined value of over \$6.8M.

Whilst the following projects don't represent examples of unbundling or procurement processes that encourage tenderers to demonstrate diversity, they do represent great examples of social procurement collaborations that have resulted in positive social outcomes. Both examples have been provided by Social Traders:

- Natura Pacific working with Lendlease Communities, Queensland Corrective Services and TAFE Queensland

- Since 2016, Natura Pacific and Lendlease Communities have headed up an amazing project in Southeast Queensland to save endangered native seeds from development areas and grow them into young plants for conservation areas. Queensland Corrective Services is also a collaboration partner in this project.
  - Once the seeds are collected, they are transported to three correctional centres. At these facilities, a specialised team, along with prisoners who undertake accredited training in horticulture with TAFE Queensland instructors, propagate the seeds and nurture them into young native plants. These plants are then provided to schools, local councils and other industry groups for planting in conservation areas as part of education programs delivered by Natura Pacific. The social impact delivered through this project is multifaceted – environmental, community, educational, transformational and reparative.
  - To date, over 7 million seeds from 136 species have been saved and so far, over 43,000 plants have been planted across 54 locations. The project has involved 11 environmental scientists, 20 university interns and 25 prisoners who grow the plants at 3 correctional centres in the region, as well as landscapers and community volunteers participating in planting.
- **Yarrabilba Social Impact Project – as provided by Social Traders and approved by Creating Positive Futures Foundation (CPFF) on 12/10/23**
    - In 2022 certified social enterprise, Creating Positive Futures Foundation (CPFF) were successful in winning a competitive tender with the former Department of Communities, Housing and Digital Economy (DCHDE) to design & construct two small, attractive and affordable three-four bedroom / two-bathroom / single-car garage homes.
    - CPFF is a Brisbane-based social enterprise and community and housing industry partnership company. CPFF was formed in 2018 to strategically align with Australian and Queensland Government Housing Strategy goals. The DCHDE tender encouraged applications with an emphasis on the creation of job and training opportunities for disadvantaged Queenslanders.
    - CPFF and consortia partner, yourtown, could demonstrate capability and social impact benefits, having recently been involved in a similar project, constructing a sales office for Lendlease, with yourtown also partnering with Lendlease to construct five homes in Yarrabilba between 2013-2016.
    - CPFF's focus for is to deliver best-quality 'triple bottom-line' social and affordable housing and community solutions that create sustainable jobs, skills, and training opportunities for struggling Australians who need both hope and opportunity.
    - CPFF developed and led a consortium of partners, including Rowlinson Architects (design) QBuild, DEPW, yourtown, Inspiring Brighter Futures Foundation (IBFF), Lendlease Living, Lendlease FutureSteps Foundation and the Australian Training Company (ATC) to successfully design and construct the two homes to the highest quality. These homes were completed in March and April 2023.
    - The positive social benefit created through this procurement opportunity and social impact focussed consortium included the design and construction of two homes to specification and high standard, creating over \$1.9 million in social impact return, employing 22 apprentices (including 3 school-based apprentices from Yarrabilba), 5 trainers and 7 trades people through QBuild, ATC and yourtown, delivering over 4400 training hours in trade skills of carpentry, painting and landscaping. IBFF delivered the Onwards & Upwards mentoring program to 69 marginalised and/or vulnerable young people throughout the project, with 15 being employed directly on the project and 100% of graduates attaining and sustaining jobs (for at least 3 months) post program. View a [video summary](#) of the project, developed by trainees on the project.

## Queensland Department of Public Works, QBuild Commercialised Business Unit

QBuild developed the Public Works Social Procurement Framework to assist relevant Departmental officers in incorporating social benefits within their procurement activities. The framework talks to the ability to achieve social benefits through the engagement of Indigenous businesses, local businesses, training and apprenticeships and social organisations. Methods that can be used as detailed within the framework include; unbundling of contracts, set asides and contractual inclusions (prescriptive, non-prescriptive or mixed). QBuild has a unique opportunity to unbundle relevant construction projects to allow QBuild trades staff and local industry (SME/Indigenous/Social Businesses) to work alongside each other on Government infrastructure projects.

QBuild is proud of its ability to provide social benefits through the projects it delivers and while achieving 6.83% of our total addressable spend (equating to \$104,245,885.06 exclusive GST) with Indigenous councils and/or businesses in the 2022/2023 Financial Year, QBuild wish to go further in years to come.

While there would be several examples of where the provisions of the Social Procurement Framework have been utilised to drive social benefits, some notable examples include:

- The upcoming QBuild Trade Materials Supply Standing Offer Arrangement (SOA) (expected to be out to market early 2024) includes a sustainable procurement response requirement that require suppliers to advise on items such as; whether they are an Indigenous business or social enterprise, do they provide employment for those from a marginalised background, to they work with other businesses within their supply chain that project social benefits and any internal policies they have in this regard (non-prescriptive contractual inclusions i.e. non-price criteria)
- Another example are projects currently out to market in North Queensland as part of the Helping Seniors Secure Their Home (HSSTH) program, which draws on the current Home Assist Secure (HAS) program and supports eligible homeowners aged 60 years and over who are Pensioner Concession Card or Veteran Card holders to improve the safety and security features of their homes, as well as provide safety-related information, referrals, and subsidised assistance. Helping Seniors Secure their Homes is part of the Queensland Government's commitment to putting community safety first. Assistance can be provided in the form of installation and strengthening of door and window locks, installation or strengthening of security screens and sensor lights. QBuild have included a mix of local businesses, Indigenous businesses, and social businesses on every trade that is being called (unbundling)

Two recent Housing projects within Yarrabilba built in Partnership with Department of Housing, QBuild, Lendlease, Yourtown, Australian Training Company, Inspiring Brighter Futures and Creating Positive Futures that resulted in creating 22 jobs and traineeships for disadvantaged Queenslanders (unbundling).

## **Queensland Department of Education Indigenous Procurement**

In July 2022 the Department of Education established its inaugural Indigenous Procurement Strategy which established a series of annually escalating targets for new contracts to be awarded to first nations businesses.

The target for FY22-23 was \$20M of new contracts to be awarded and DOE achieved a commitment of \$20.6m in new contracts directly with indigenous businesses.

The combined total (payments + new commitments) for FY2022-23 was \$32,600,816.43 and the total number of indigenous business with whom DOE transacted during the year was 320.

In July 2023 DOE announced that the FY2023-24 target for new contracts with indigenous businesses would be \$40m.

Strategies employed by DOE include direct engagement through set-asides, adding additional indigenous firms to select-lists and engaging with newer existing indigenous construction firms to help build their capacity through:

- structured mentoring with experienced project managers and project consultants
- providing detailed post-tender debriefing and analysis of offers to identify future improvement opportunities
- business development days with local indigenous firms to promote awareness of indigenous firms

For example, during FY2022-23 the department awarded a contract (through a set-aside) to Bridgeman Constructions to undertake the refurbishment of the existing agricultural sheds and associated equipment to support animal husbandry training at Roma State College (\$2.7M). The project was completed on-time, within budget and with a 100% achievement rate of the targets for employment and training opportunities under the Queensland Government Training Policy.

Bridgeman Constructions were officially recognised as being amongst the “best of the best” at the recent 2023 Buy Queensland Supplier Awards as the winner in the category for “Diversity through Supply Chains” – awarded to a business, that has through their organisation’s supply chains and other sourcing activities, demonstrated support for social outcomes and enhanced the lives of Queenslanders by supporting small and medium sized business, social enterprises, Aboriginal businesses and/or Torres Strait Islander businesses, disability enterprises, or actions to target and end domestic and family violence.

## **Personal Protective Equipment Procurement Process 2021-22**

Introduction of a Preferred Supplier Panel (PSP) for the Uniform & Personal Protective Equipment (UPPE) Category.

Previous Arrangement:

SOA

- Locked contractual period
- No new members during period
- Sole Supplier
- High administrative burden

New Arrangement:

PSP

- Flexible arrangement period
- Ability to add and remove members
- Multiple diverse suppliers
- reduced red tape.
- Easy search tool for buyers to seek our suppliers

The Uniform & Personal Protective Equipment PSP was one of the first activities to use a new way for to established whole of Government Panel arrangements.

Step1. Consultation with both internal Stakeholders and Industry to determine needs.

Step 2. Designed an online application process that fed information to the tender evaluation activity.

- dramatically reduce the red tape commonly experienced by applicants, and those conducting tender processes.
- limited tender requirements to information and data essential to making informed decisions
- developed online forms, Excel evaluation tools and selection tools

Step 3. Electronic online application and evaluation processes.

- collected, sorted, and delivered data so efficiently that it reduced application times from (typically) days to an average of 1 hour and 18 minutes
- The tender evaluation team were engaged for days rather than weeks

Step 4. Established the panel with a member composition consisting of:

- 58 Suppliers
- 7 Aboriginal and Torres Strait Islander business
- 3 Social enterprises
- 49 SME's
- 37 Queensland Owned Businesses
- 26 Manufacturers
- 22 Businesses with a regional presence.

Suppliers provide goods over 6 categories.

- Corporate wear – uniforms
- Casual/field - operational wear
- Industrial/high visibility/trade wear
- Personal protective wear (PPW) – body
- Protective and safety equipment (PPE) – clinical and non-clinical
- Protective and safety equipment (PPE) – workplace.

Step 5. Established a buyer selection tool

- And buyers can easily find and engage UPPE suppliers via a selection tool that sorts suppliers based on attributes such as products, business size, location, and type (Indigenous / social enterprise).

**The objective of establishing a PSP was/is:**

- provides customers with access to panel of capable suppliers

- enables the Principal to refresh the PSP, listing new capable suppliers and removing suppliers based on information and data collected during periodic reviews, changes in government priorities and any shifts in demand and supply markets
- has consistent terms and conditions
- provides an easy avenue to apply, refresh and update any supplier data
- encourages suppliers behave ethically in both their own business and their supply chain
- facilitates diversity in the government supply chain
- helps agencies in their efforts to deliver on the government target of 25% of PPE spend with local manufacturers
- advances Queensland Government role in providing growth, employment, and skilling opportunities across Queensland
- restores business confidence and stimulates the local economy by increasing the number of businesses with a Queensland presence on the panel
- provides an opportunity for buyers to deliver value through local, social and environmental benefits.

**Supplier desirable criteria:**

<ul style="list-style-type: none"> <li>• are a Queensland Manufacturer</li> <li>• supply Queensland manufactured products</li> <li>• supply Australian manufactured products</li> <li>• are an Aboriginal or Torres Strait Islander Business</li> <li>• are a Social Enterprise</li> <li>• use Aboriginal and Torres Strait Islander Businesses in their supply chain</li> <li>• use Social Enterprises in their supply chain</li> <li>• are a member of a Social Trader</li> <li>• are a Small Business</li> <li>• are a Medium Business</li> <li>• provide other value-added services</li> <li>• have a Service Level Agreement (SLA)</li> </ul>	<ul style="list-style-type: none"> <li>• have an online ordering system</li> <li>• support Circular Economy</li> <li>• support workplace diversity and inclusion</li> <li>• maintain Queensland location</li> <li>• number of staff in Queensland</li> <li>• maintain regional Queensland location</li> <li>• number of staff in regional Queensland</li> <li>• have a business continuity plan</li> <li>• have no ethical lapses</li> <li>• no offshoring any services or data related to PSP</li> <li>• provide milestone tracking</li> </ul>
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