



**Government
of South Australia**

**WORKFORCE PARTICIPATION IN
GOVERNMENT CONSTRUCTION
PROCUREMENT POLICY**

December 2010

1. OBJECTIVE

The South Australian Government is committed to ensuring its procurement decisions support state and national efforts to increase workforce participation, skill development and social inclusion through employment of Aboriginal people, trainees and apprentices, local people with barriers to employment and up-skilling on building and civil construction works throughout the state.

The policy also aims to promote consideration of Aboriginal owned or managed enterprises as subcontractors/contractors.

This policy expresses the State Government's commitment to ensuring public expenditure on building and civil construction contracts, demonstrably supports skills development and workforce participation as economic and social imperatives. It is consistent with the decisions made by the Council of Australian Governments (COAG) to identify training and employment opportunities for Aboriginal people, apprentices and trainees and people seeking to upskill. It also gives effect to the South Australian Government's social inclusion objectives and a core commitment in the 2010 *Jobs Strategy*.

The policy should be read in conjunction with the [Implementation Guidelines](#) which provide definitions of terms used in this policy and further details on its administration.

This policy recognises the ongoing leadership by the Minister for Infrastructure in state construction procurement, contract management and compliance and the Minister for Employment, Training and Further Education in state skills and workforce development.

The Department of Planning, Transport and Infrastructure (DPTI) will administer the policy and the Department of Further Education, Employment, Science and Technology (DFEEST) will support implementation of the skills and workforce development aspects of the policy, ensuring sound connections between industry, current and potential employees and relevant skills and employment programs.

DFEEST will work with businesses engaged on government construction contracts throughout the state to coordinate and provide training places and programs, in conjunction with the Commonwealth Government. In addition to delivering assistance through programs and services, DFEEST will provide contractors with information and advice on how to maximise employment opportunities for local people living near to contract sites.

2. TARGETS

The fundamental objective of this policy is to ensure the increased employment of Aboriginal people, trainees and apprentices and local people with barriers to employment and up-skilling in government building and civil construction contracts in South Australia.

The South Australian Government is committed to achieving workforce participation and skills development targets within a value for money approach.

The target for apprentices and trainees, Aboriginal people, local people with barriers to employment and up-skilling is 15% of total estimated labour hours for the contract, as defined in the Implementation Guidelines. A maximum of 4% of the total labour hours can be allocated to up-skilling.

The 15% target includes a target of up to 2 percentage points for the employment of Aboriginal people. In some areas of the state with a higher than average Aboriginal working age population there may be potential for achieving a higher Aboriginal employment target.

All contracts awarded for construction or upgrade of housing in Aboriginal communities under the Remote Indigenous Housing National Partnership Agreement will require that 20% of total on-site labour hours for the contract be undertaken by Aboriginal people. No other workforce participation targets apply to these contracts.

The responsibilities of contractors to meet these targets are defined in a tiered approach related to the dollar value and minimum duration of the contract (detailed below). The principal contractor is expected to partner with its subcontractors and require that they employ people from the target groups on-site and upskill those working on the contract.

Contractors will be supported to meet the policy targets through the use of templates, online reporting tools and information and direct advice about skills and employment programs.

3. SCOPE OF THE POLICY

This policy applies to all building and civil government construction contracts valued over \$150,000.00 and all government agencies that engage in building and civil construction procurement over this monetary threshold that are covered by the Department of the Premier and Cabinet Circular PC 028, *Construction Procurement Policy Project Implementation Process*.

In addition, the Land Management Corporation, SA Water Corporation and Housing SA are supportive of the intent of this policy and will introduce contractual requirements regarding workforce participation into their civil and building works. It is expected that other government agencies and instrumentalities that engage in procurement for building and civil construction and that are not covered by PC 028 will adopt and implement the policy over time.

The specific requirements of this policy are determined by a tiered approach dependent on total contract value (even where jointly funded from the Australian Government, State or local government, or private sector sources) and duration.

All government building and civil construction contracts over \$150,000 are to include a formal declaration of intent for contractors to partner with the government to meet the policy targets to employ and train Aboriginal people, apprentices and trainees, and local people with barriers to employment and to upskill.

Contracts valued between \$150,000 and \$5 million – Contractors are strongly encouraged to employ apprentices, trainees, Aboriginal people and local people with barriers to employment and to upskill workers, for their contracted work as well as in any onsite works that are subcontracted. Contractors that voluntarily support

achievement of the targets in this policy and maintain a record of their performance will be in a stronger position to demonstrate ability and willingness to meet the policy targets when bidding for Tier 1 or Tier 2 contract or sub-contract work.

Tier 1 contracts – building and civil construction contracts with a total value of between \$5 and \$50 million and with a minimum duration of 6 months.

Tier 2 contracts – building and civil construction contracts of a total value exceeding \$50 million and with a minimum duration of 6 months.

Special requirements apply to housing in remote Aboriginal communities.

Remote Aboriginal community housing contracts - all contracts awarded for construction or upgrade of housing in Aboriginal communities under the National Partnership Agreement on Remote Indigenous Housing are subject to a 20% Aboriginal employment target, the development of an Aboriginal Employment Plan and other requirements prescribed by Housing SA. Further information is available from Housing SA on 8415 4119.

4. RESPONSIBILITIES OF GOVERNMENT

All agencies undertaking construction procurement which is subject to this policy are required to comply by ensuring that their procurement practices are consistent with the policy.

Key agencies with specific responsibilities for implementing the policy are described below.

The **Department for Transport, Energy and Infrastructure (DPTI)** has lead responsibility for building and civil construction procurement and can provide advice to other agencies on the policy and its implementation. DPTI manages delivery of state and Commonwealth funded transport infrastructure projects as well as managing the construction, upgrade and maintenance of buildings on behalf of other state agencies.

The **Department of Further Education, Employment, Science and Technology (DFEEST)** provides programs, services and advice on workforce planning, participation and skills development. This includes funding to support the employment and training of apprentices and trainees, providing reference points for access to trainees, apprentices and other potential employees and up-skilling of workers. DFEEST also supports DPTI in the assessment of plans, strategies and reports submitted by contractors under this policy.

The **Construction Industry Training Board (CITB)** maintains and updates the CITB Wizard (the online tool), monitors its use by the construction industry and the information submitted by contractors. The Wizard is to be used by contractors for reporting under the policy. The CITB also provides funding and incentives to support the employment of apprentices and trainees, participation of employees in up-skilling programs and strategies to increase workforce participation and skill levels.

The **Department for Families and Communities (DFC)** is responsible for the administration of contracts for housing works in Aboriginal communities delivered under the National Partnership Agreement on Remote Indigenous Housing, which are subject to the 20% target.

5. REQUIREMENTS OF TENDERERS AND CONTRACTORS

Tenderers and contractors will be required to meet the following requirements related to the total dollar value of contracts.

5.1 All building and civil construction contracts over \$150,000

Contractors must make a formal declaration of their intent to partner with the government to meet the policy targets by employing and training Aboriginal people, apprentices and trainees, local people with barriers to employment and up-skilling, both directly for their contracted work as well as in any onsite works that are subcontracted.

For contracts valued between \$150,000 and \$5 million, contractors are encouraged to use the CITB online Wizard to record their employment of people from the abovementioned groups and up-skilling of their employees. Contractors that voluntarily meet the targets in this policy and maintain a record of their performance can use their past performance as evidence of their ability to comply and thereby be in a stronger position to demonstrate ability and willingness to meet the policy targets when bidding for Tier 1 or Tier 2 contract or sub-contract work.

The tender documents and the contract for the successful tenderer will include a clause describing the following requirements:

- It is an objective of this contract to increase the employment and training of apprentices and trainees, Aboriginal people and local people with barriers to employment and to upskill.
- The contractor formally declares its intent to partner with the government to meet the policy targets by employing and training people from these groups, including through onsite work by subcontractors.

Information on ways that contractors can support and encourage their subcontractors to meet the 15% target is contained in the Implementation Guidelines that accompany this policy.

5.2 Tier 1 building and civil construction contracts (\$5 - \$50 million)

The target for apprentices, trainees, people looking to upskill, Aboriginal people and local people with barriers to employment is 15% (which includes up to 2 percentage points Aboriginal people) of total labour hours.

Tenderers must show a commitment and have a demonstrated ability to effectively plan and implement workforce participation initiatives aimed at achieving the 15% target, including training leading to up-skilling. Failure to provide sufficient evidence of this will result in a tender not being considered.

The tender documents and the contract will include a workforce participation clause regarding the following mandatory requirements on the contractor:

- meet the 15% (including up to 2 percentage points Aboriginal people) workforce participation target;

- before the commencement of work on the contract, provide a [Workforce Participation and Skills Development Plan](#). The plan estimates the number of targeted workforce hours, as defined in the Implementation Guidelines, which will be undertaken by the targeted groups through on-site employment, including through on-site work which is subcontracted, or through up-skilling. A template for this plan is provided in the Implementation Guidelines;
- every quarter from the beginning of work on the contract provide a Workforce Participation Interim Report; and
- report on performance against targets at the end of the contract by completing the Workforce Participation Final Report;
- all reporting is to be done through the [online CITB Wizard](#).

The tender documents and the contract for the successful Tier 1 tenderer will include clauses describing the following requirements:

- It is an objective of this contract to increase the employment and training of apprentices and trainees, Aboriginal people, local people with barriers to employment and up-skilling.
- The target for the employment of apprentices, trainees, Aboriginal people and local people with barriers to employment and up-skilling is 15% of total labour hours (which includes up to 2 percentage points Aboriginal people).
- The contractor, with the support of its sub-contractors, will partner with the government to meet this target by employing and training people from the abovementioned groups and by reporting on the results achieved.
- Before the commencement of work on the contract, the successful contractor must provide an estimate of the total number of workforce hours for the duration of the contract, including work which is subcontracted.
- The Workforce Participation and Skills Development Plan – developed by the successful contractor - will be required before prior to the commencement of works and its implementation will be reviewed as per the tender documents.
- The contractor acknowledges that failure to comply in part or in whole with the requirements of this clause will be a factor that will be taken into account in the award of future contracts by the State of South Australia.

5.3 Tier 2 building and civil construction contracts (more than \$50 million):

The target for apprentices, trainees, Aboriginal people and local people with barriers to employment and people looking to up-skill is 15% (up to 2 percentage points Aboriginal people) of total labour hours.

Tenderers must show a commitment and have a demonstrated ability to effectively plan and implement workforce participation initiatives aimed at achieving the 15% target, including training leading to up-skilling. Failure to provide sufficient evidence of this will result in a tender not being considered.

The tender documents and the contract for the successful tenderer will include a workforce participation clause regarding the following mandatory requirements on the successful contractor:

- meet the 15% (including up to 2 percentage points Aboriginal people) workforce participation target;
- develop and implement a [Workforce Participation and Skills Development Strategy](#) estimating how the targeted number of workforce hours, as defined in the Implementation Guidelines, will be undertaken by the targeted groups through on-site employment, including through on-site work which is subcontracted, or through up-skilling. A template for this strategy is provided in the Implementation Guidelines;
- nominating a person to be the contractor's employment and training coordinator;
- seek to use Aboriginal owned/managed enterprises where possible;
- every quarter from the beginning of work on the contract provide a Workforce Participation and Skills Development Interim Report;
- report on performance against targets at the end of the contract by completing the Workforce Participation and Skills Development Strategy Final Report;
- all reporting is to be done through the [online CITB Wizard](#).

The tender documents and the contract for the successful Tier 2 tenderer will include clauses describing the following requirements:

- It is an objective of this contract to increase the employment of apprentices and trainees, Aboriginal people and local people with barriers to employment and up-skilling.
- The target for the employment of apprentices, trainees, Aboriginal people and local people with barriers to employment and up-skilling is 15% of total labour hours (which includes up to 2 percentage points Aboriginal people).
- The contractor, with the support of its subcontractors, will partner with the government in meeting this target by employing and training people from the abovementioned groups.
- Before the commencement of work on the contract, the successful contractor must provide an estimate of the total number of workforce hours for the duration of the contract, including work which is subcontracted.
- The Workforce Participation and Skills Development Strategy – developed by the successful contractor - will be required before prior to the commencement of works and its implementation will be reviewed as per the tender documents.
- The contractor acknowledges that failure to comply in part or in whole with the requirements of this clause will be a factor that will be taken into account in the award of future contracts by the State of South Australia.

5.4 Remote Aboriginal community housing contracts

The target for contracts for construction or major upgrade works in Aboriginal communities funded through the National Partnership Agreement on Remote Indigenous Housing is 20% Aboriginal people and no other workforce participation targets apply.

The Aboriginal workforce is to be recruited from the local Aboriginal community. Negotiation and flexibility with respect to the above target is possible in order to identify how the contracts will contribute to achieving the community's development plan and longer term goals.

Further information on the preparation of an Aboriginal Employment Plan and other contract requirements is available from Housing SA.

6. MONITORING AND REPORTING REQUIREMENTS

The contract manager will review the contractor's targeted workforce participation composition in the Workforce Participation Plan (Tier 1 contracts) or Workforce Participation and Skills Development Strategy (Tier 2 contracts) prior to the commencement of work on site and monitor actual performance against the workforce targets periodically during the contract as part of existing contract management procedures.

For reporting purposes, the contractor is required to maintain a record of the workforce engaged and submit reports quarterly during the contract and on completion of the contract. Specific reporting requirements are described in more detail in the Implementation Guidelines.

The government contract manager will monitor the reported information and work with the contractor, with support from DFEEST.

The [CITB on-line Wizard](#) is the primary reporting tool to be used by contractors for quarterly and end of contract reporting.

DPTI, with assistance from DFEEST, will conduct occasional audits of contractors' workforce participation interim and final reports to assess the accuracy of reporting on the 15% target.

7. REVIEW OF POLICY

This policy will be reviewed after two years of operation to ensure it remains relevant in addressing the workforce participation and skills development requirements for government procurement contracts.

8. FURTHER INFORMATION

Further information is available in relation to procurement policy implementation and advice at the following websites www.DPTI.sa.gov.au/wpgcp and www.dfeest.sa.gov.au/15percent.