Being Ready 2

Positioning of "Real" and Sustainable Local Content for Communities Where the Emergence and Rapid Growth of the Resource Sector Occurs

Introduction

The community of Onslow is Located on the coast in the Pilbara region of Western Australia, 1,300kms north of Perth. Since 2012 Onslow has experienced rapid growth, due primarily to the presence of Chevron's $29 billion Wheatstone and BHP Billiton's Macedon gas projects. This growth has included a population increase from 600 (ABS 2011) to a permanent and semi-permanent population in the vicinity of 900 to 1,000. Although the population growth hasn't peaked at the anticipated 2,300 in 2016 (Pilbara Cities August 2012), the impact on Onslow has been - and will continue to be - significant.

At the end of September 2017, the Chevron-operated Wheatstone Project commenced the production of first gas. This signified the transition from construction to operations. Of note, during the construction period, Chevron spent more than $455 million with 90 Onslow businesses. This level of spend was unprecedented and testimony to the success of the Onslow Chamber of Commerce and Industry (OCCI), Chevron and key partners in promoting and utilising local content.

Being Ready 2 has been updated to provide an overview of how this unprecedented level of investment was realised and how, with the transition to operations, the sustainability of local business will be supported. The emphasis of the document remains on the importance of maximising "local content" opportunities and engagement through continual planning and innovation.

The purpose of this document is three-fold:
1. To provide an overview of how communities, through their local Chamber of Commerce and Industry (CCI), can be best positioned to take full advantage of the economic and social opportunities associated with rapid growth in the resource sector
2. Provide information to the Regional Chamber of Commerce and Industry (RCCI) so it can position itself as the advocate for "real" local content and support local CCIs in maximising economic and social opportunities associated with rapid growth of the resource sector
3. Provide information to key stakeholders – including Government and industry – as to how they can support the uptake of local content

In updating this document, the OCCI Executive Committee and staff, in collaboration with Chevron Australia (OCCI's principal sponsor) and other key stakeholders, have outlined what they consider to have been useful tools and strategies, as well as what they would have done differently with hindsight.

The document covers seven key areas including:
1. Building the capacity of the Chamber
2. Clearly defining what constitutes local content
3. Acknowledging and promoting local content
4. Building the capacity of local business and the community (NGOs and associated opportunities, e.g. visitors centre, parent groups, community garden)
5. Identifying opportunities
6. Linking local business with the opportunities
7. Communication

1. Building the capacity of the Chamber

The OCCI was incorporated in May 2004 under the Associations Incorporation Act 1987. In 2012 when the Wheatstone and Macedon construction phases commenced, the OCCI had a membership of 24 with little to no influence or presence in the community.

With the commencement of the gas developments, key industry groups made a commitment to the buy local (local content) principle. Many local business operators however found that they couldn't compete with the big contracting companies or they weren't given the opportunity to "bid" in the first instance. Whereas Chevron's Supplier Diversity exhibit is very clear on the definition of local content, the contractors' interpretation as regards Onslow v Pilbara v State v Australia varied. As a consequence, there was an emerging trend in the awarding of tenders and business opportunities by first tier contractors to non-local based companies and groups.

Anecdotal feedback from local business operators was that a number of first tier contractors – in awarding contracts - preferred to engage one provider that would deliver the range of services required. In many circumstances, local businesses had not been offered the opportunity to quote or even provide an overview of the services and products available.

The situation was further compounded by the fact that local business operators were, in many cases, not prepared from an operational capacity to tender for contracts. Lack of industry compliance requirements and or resourcing (equipment, infrastructure and personnel) meant that they were not eligible to tender or simply couldn't or wouldn't be able to deliver.

Despite the fact that there was an economic "boom" occurring, local business owners and operators were not benefiting in any way – in fact they were further negatively affected by the rising costs of living (housing, fuel, food) and limited utilities (power and water).

There was however a "will" for the promotion and utilisation of local content from both the local business owners and operators and the key industry and Government groups. What was lacking was a local interface or means for industry and Government (in general) knowing what was available locally and for local business to know where the opportunities lay and what they would be required to demonstrate and deliver to be competitive in the tendering process.

In Onslow, the OCCI became this critical interface and, through the OCCI, local businesses were further supported in accessing a range of business grants and business support programs (funded by Chevron), designed to increase and improve their capability.

In hindsight, if the presence of the OCCI was what is now (140 members with an annual budget in excess of $250k), the uptake of local business would have been strong at the outset and the benefits for Onslow even more significant.

The OCCI therefore recommends that as soon as the Final Investment Decision[1] is made in relation to the presence of industry within the community, that the local CCI is positioned to become the

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[1] A Final Investment Decision (FID) is a final decision of the Capital Investment Decision (CID) as part of the long term corporate finance decisions based on key criteria to manage company's assets and capital structure. In general, the FID can be made after completion of permits and financial arrangement, and ready for contract of the Construction works at the Site (EPC Contract). It is the point at which contracts for all major equipment can be placed, allowing procurement and construction to proceed and engineering to be completed: http://www.theprojectdefinition.com/fid-final-investment-decision/

identified and preferred interface between the major resource groups and local business owner operators. The following strategies provide an overview of the process the OCCI developed and implemented along with advice (in hindsight).

Strategy	Actions
1.1 Comprehensive strategic and operational planning	Funding secured from the Pilbara Development Commission (PDC) to conduct the planning process. These subsequent plans (c,d,e below) were used to attract further funding, including a two year *Community Partnership* "seed" funding agreement with Chevron, which enabled the OCCI to engage personnel and roll out key strategies – including the membership drive. From 2017, the OCCI renewed this partnership with Chevron for a further 3 years
a) Comprehensive environmental scan of the community, region and relevant state, national and international trends	Desktop research conducted and presented at a planning workshop to provide stakeholders with an overview of the community of Onslow including predicted population growth, infrastructure developments (and impediments), key projects and initiatives and key planning documents and impacts/ opportunities
b) Identification of actual and potential barriers and the OCCI's approach to mitigate the barriers	Policy Position Papers (PPPs) developed outlining the issue, impact on local business, agreed way forward or desired outcome, key stakeholders to approach or liaise with, communication strategies and documentation of communications accordingly. In Onslow, these PPPs guided the OCCI in successfully advocating for affordable air transport, raising the issue of access to affordable light industrial land to a priority with relevant government (all tiers) agencies, highlighting significant issues impacting on the community to a broad audience to encourage transparency and advocating for the urgent need of utilities. In all circumstances, the OCCI maintained a professional, research and evidence based approach to maintain credibility
c) Development of a Capability Statement to promote the role, purpose and success of the OCCI	Comprehensive document developed capturing all aspects of OCCI business including contact details, business structure, management, staffing, services and products, assets, insurances, capabilities and other operational details. This document is utilised to attract funding and or to promote the role of the OCCI
d) Development of a strategic plan	Outlining the purpose of the OCCI, a snap shot of the overall environment in which the OCCI is operating, key focus areas for development and associated strategies. The strategic plan is the overarching document that sets a broad framework for growth and development
e) Development of a fully costed operational plan	An action based document that clearly articulates the what, who, how and when of the Strategic Plan. The operational plan includes deliverables and key indicators of performance for evaluation and monitoring purposes

1.2	Securing of resources and funding to support implementation of the respective plans	The key to the success of the OCCI was to employ personnel (through consultancy services initially which lead to generation of a sustainable income to engage a permanent Chief Executive Officer CEO) to implement the operational plan. Within the first 6 months of planning and implementation, the OCCI had a string of successes including attraction of crowds at OCCI events, increase in members and funds based on a structured membership plan and the establishment of the OCCI office – which is now located in the main street of Onslow. Funding sustainability has been achieved through: ▪ Attraction of financial partnerships and sponsors through the development, promotion and up-take of the OCCI Sponsorship Package. ▪ Attraction of financial members through affordable and attractive membership packages ▪ Attraction of funding through grant submissions. ▪ Ongoing success due to compliance, delivery of outcomes and accountability practices ▪ Establishment of partnerships with mutually beneficial outcomes e.g. hosting of a trainee for an OCCI member ▪ Flexible employment practices ensuring value for money
1.3	Networking, strategic relationships and promotion	The OCCI has been able to grow and achieve its current level of sustainability and expertise through the development of networks and key partnerships including: ▪ Industry ▪ Regional Chamber of Commerce and Industry WA ▪ Government (all tiers) ▪ Other Pilbara Chamber and business development groups With a focus on collaboration, the OCCI has been able to support the facilitation of positive outcomes for all. OCCI has also promoted the role of the OCCI through award nominations. In 2016, the OCCI President was

2   Clearly defining what constitutes local content

The concept and definition of local business or who qualifies as local content varies significantly. In industry, international companies are typically called to demonstrate how they would comply with Australian Industry Participation (AIP) requirements which are often applied to any business or contractor within Australia. At a state level, local content is often applied to state based companies and contractors.

When the resource sector commenced in Onslow, the definition of local content posed one of the greatest barriers to Onslow based businesses in accessing and being awarded contracts and tenders.

It is therefore strongly recommended that all Chambers clearly define what local content actually applies to at the "local" community level and to have this definition acknowledged by the key industry groups.

The following strategies were developed and implemented by the OCCI:

Strategy	OCCI Outcomes
2.1 Collaborative identification of a description and purpose of local content	The OCCI hosted a workshop with key stakeholders (industry, other business development services through the West Pilbara Business Support Program including RSM, Many Rivers and the Business Centre Pilbara BCP) to collaboratively develop a definition of local content. It was agreed that the benefits associated with local content were broad and applied to many stakeholders. To maximise these benefits however – it was agreed that a common understanding of what local content meant would improve communication and understanding across the board. A common and clear definition however was considered beyond the scope of the group – considering the range of vested interests. For this reason, participants at the workshop discussed what local content "looked like" from the perspective of the OCCI. The OCCI determined that to be considered a 'local business' a business would need to demonstrate its commitment to Onslow via reference to the following criteria: ▪ Direct investment to set-up or operate a business from Onslow for the provision of products and services ▪ Physical presence in Onslow which may include permanent, FIFO or DIDO services ▪ Preparations for future business activity which highlight a long-term commitment to Onslow ▪ A 'Principal place of business' address or a 'registered address' in Onslow The purpose of a description of what constitutes a local business is to: ▪ Guide discussions about local content between industry, potential and existing business owners and operators, Government (all tiers) and business service providers ▪ Guide the OCCI in providing services and programs to local businesses and people ▪ Provide a tool to outline the OCCI position with key stakeholders and contractors – and to a degree – OCCI expectations in relation to local content ▪ Inform key stakeholders as to how and what they can do for the OCCI to achieve the OCCI targets and KPIs relating to local content
2.2 Collaborative identification of the key components in relation to supporting local content	At the same workshop, three key components were identified in relation to supporting local business including: 1. Identifying business and contractual opportunities 2. Accessing the opportunities 3. Delivering on the opportunities

	These are expanded upon in sections 4,5,6 and 7

3 Acknowledging and Promoting Local Content

Once a definition regarding local content was determined, a strategy to promote local content was developed with key stakeholders including Chevron, RSM, Many Rivers, Business Centre Pilbara BCP (formerly Small Business Centre West Pilbara) and the OCCI.

Key actions included:

Action	Approach
1. Establishment and promotion of the benefits of local content and respective stakeholder expectations	a) The terminology used by Chevron in the tendering process was adapted to specify local content in accordance with the OCCI definition b) Local content was embedded in the Chevron contractor pre-tender questionnaire whereby contractors are required to demonstrate Australian Industry Participation (AIP) requirements that are Onslow specific c) The OCCI description of local content was provided to Tier 1 and 2 contractors to support them in the tendering process

2. Raising the profile and awareness of local content	a) Hosting of pre-tender forums where:
	  ▪ Preferred contractors present the scope of the tender to local businesses in Onslow
	  ▪ Local businesses gain an understanding of opportunities and required capabilities
	  ▪ Preferred contractors gain an insight as to availability and capacity of local businesses in relation to the scope of work
	  ▪ Local businesses are able to provide contractors with copies of Capability Statements and speak with them directly (introductions)
	b) Contractors review the tender scope of work and match local content to available opportunities – and tender accordingly

3. Development of a customised on-line platform promoting local content	A key strategy in relation to the success of promoting local content has been the establishment of OnslowConnect. (http://www.onslowconnect.com.au). OnslowConnect offers OCCI members with a globally accessible, 24/7 on-line platform on which they can advertise services, products and business details. OnslowConnect also has the ability to connect companies registered on the directory to opportunities across the whole suite of ProjectConnect portals including regional directories and SupplyConnect. Through the OnslowConnect database, the OCCI can produce a hard copy or on-line business directory at minimal cost. This convenience also ensures that information contained in the directory is up to date increasing the credibility and reliability of the resource.

		(Refer to Section 5.1 for further information re OnslowConnect).
4.	Off-setting on-costs associated with locally based and operating business	The OCCI negotiated a review of tender on-costs with industry to offset the labour hire inputs (on costs) associated with a locally based and operating business including accommodation, meals, air transport, Personal Protective Equipment and associated administrative costs. These labour hire inputs are typically provided to external contractors by key industry groups at no cost. Subsequently, external contractor's costs are significantly less than local contractors. As a consequence of the review, non-local content contractors are now required to include the price of accommodation and flights into the tender to create a fair and reasonable tendering process for local content.
5.	Business recognition and promotion	In 2015, the OCCI held the inaugural Onslow Business Excellence Awards. The Awards consist of 10 categories with winners eligible to nominate for the Western Australian Regional Small Business Awards. The Awards dinner is a sell out each year with entries received for all categories.

4. Building the capacity of local business and the community (NGOs and associated opportunities, e.g. visitors centre, parent groups, community garden)

Building the capacity of local businesses needs to occur as soon as the Final Investment Decision has been made ensuring local operators are in a position to competitively tender for industry contracts – both locally and beyond.

The key strategies identified, developed and implemented by the OCCI and its partners include:

4.1 Access to professional advice and support to determine business aspirations, capacity and opportunities to establish and or grow the business	a)	Engagement of key service providers and or agencies to provide support to local business – on the ground and ongoing. In Onslow, Chevron originally funded RSM, Many Rivers and BCP to provide business set up and financial management support. From 2017 however, the OCCI has introduced the Business Support Program (BSP) through sponsorship from the Royalties for Regions program. The BSP will provide expert support for up to 6 existing or aspiring business owners/ operators (per annum) in Onslow to increase their capacity and capability. The suite of services and support available through the BSP will encompass (but is not limited to) the following: ▪ Development and delivery of a series of workshops (over a 12 month period) aimed at professional development of the business and up-skilling of the business owner – informed by findings of a diagnostic tool ▪ Business needs assessments (Diagnostic tool)

	- Development of Capability Statements and or Business Plans - Financial planning and advice (from best value for money specialist consultants) - Development of financial systems and controls (from specialist consultants) - Establishment of bookkeeping systems and procedures with ongoing support (available locally or on-line) - Establishment of promotional strategies and materials including websites, brochure and business cards, advertising opportunities - Training and professional development - OHS support and advice - Support in accessing or securing appropriate business premises - Industry mentoring - Introductions to contractors - Presentation of opportunities available in terms of contracts, tenders and general provision of goods and services
4.2 Professional support to prepare tender documents	a) Through the BSP - engagement of key service providers and or groups to ensure that: · Pricing is quantifiable and reasonable · What is being offered is achievable and that this claim is supported by evidence
4.3 Professional support for businesses in the successful delivery of contracts, tenders or business opportunities	a) Ongoing practical support and or mentoring in relation to all aspects of operations including: · Compliance (Industry) · Marketing and promotion · OHS&E and Quality · Risk Management · Finance · Human resources · Government support (accessing external assistance e.g. the Industry Facilitation Support Program) · Environment
4.4 Promotion of best practice and successes	a) Presentations by specialists and/or successful business owner/operators at Business After Hours, Forums, Lunch and Learn events – with an emphasis on case studies b) Focus stories, testimonials and case studies on Websites and Facebook relating to successful local business outcomes c) Briefings with key sponsors outlining what the OCCI and partners have achieved to date in relation to local business d) Promotion of successes through media releases and distribution through partner networks e) Promotion of the positive image of major sponsors in relation to local business and community engagement
4.5 Operational and administrative support for NGOs and small community groups	Advice and support to access funding for planning purposes and investigation of structures to support these small entities operationally and administratively through the provision of services

5   Identifying opportunities

Whilst the capacity of local businesses was being developed, the OCCI and its partners were developing and implementing strategies and tools that would support the identification of opportunities for local business.

Ideally, this process would commence once the Final Investment Decision is made – which in Onslow with regard to the Wheatstone project occurred two months prior to the start of construction. The OCCI was in no position at this stage to engage in this process and hence significant opportunity was missed for local business.

The following strategies include what strategies have been developed and implemented and what the OCCI (and Chevron) would highly recommend – in hindsight:

Strategy	Approach
5.1 Identify, promote and customise existing tools and data bases advertising and promoting pending contracts and tenders	In partnership with Industry Capability Network Western Australia (ICNWA) the OCCI (through funding from Chevron) has established Onslow Connect – an Onslow specific on-line business directory based on the existing and highly successful ProjectConnect. ProjectConnect offers an extensive database of business in WA and provides existing tools to quickly and easily establish an online business directory that is customised to specific requirements. The system can also be used to produce reports and hard copy versions of the information. Using Onslow Connect, the OCCI can offer their members an online presence with a reach that extends beyond a printed directory, as it is available globally and at all times, and is easy to keep up to date. Built on an existing platform, the directory offers an advanced starting point. Tied with the ability to connect companies registered on the directory to opportunities across the whole suite of ProjectConnect portals (regional directories, ProjectConnect project and SupplyConnect opportunities), OnslowConnect offers a valuable tool to members to not only advertise themselves, but also have opportunities sent to them that match their profile. These can be in the form of opportunities in their area (based on the information stored about the location of a capital project or site, or the location restrictions placed on opportunities), company size and other criteria. In addition, having the business information available in a database makes it faster and more cost effective to produce a printed directory. This means the directory can be printed in smaller runs more often, ensuring the information does not become out of date. An additional valuable outcome of this project is that ICNWA gains enhanced firsthand knowledge about Onslow business capability, allowing them to provide improved advice to contractors on local capability and ensure maximum opportunities are provided to local businesses. The OCCI will also gain valuable insights into their member base as a result.

5.2 Expand the capacity of ProjectConnect as a state-wide tool	The potential of OnslowConnect as a tool for identifying, promoting and linking local businesses to tenders and contracts is limitless. It is the vision of the OCCI however that Onslow businesses will have the capacity to expand into broader markets. Accordingly, the OCCI envisages that ProjectConnect and Onslow Connect could be utilised as a state-wide tool covering all tender and contract opportunities – not oil and gas centric
5.3 Establish relationships with key stakeholders to identify opportunities	The OCCI and its partners have committed to a number of strategies to support the identification of opportunities – based primarily on ongoing communications. These communications are outlined in detail in Section 7.
5.4 Development of key documents promoting what is available in Onslow from a business development perspective	In 2016, the OCCI developed the first Onslow Business Investment Guide. With over 650 copies of the 2016 Guide distributed within and beyond Australia, feedback was overwhelmingly positive. In response to feedback and requests, a 2017 Guide was developed to present an overview of what is available, future projects and plausible developments to inform potential business developers, operators and investors. Divided into four sections, the 2017 Guide includes: 1. Overview of Onslow, the Pilbara and global landscape 2. Industry and business development and activity 3. Supporting infrastructure – industrial and community amenity 4. Business support services and networks

6   Linking local businesses with the opportunities

As in Section 5, ideally, the process of linking local business to contractual and tender opportunities would commence once the Final Investment Decision was made. Although this was not the case in Onslow, once key industry groups recognised the value and interface that the OCCI presented in relation to local business, they were exceptionally pro-active and supportive.

A highly successful initiative of Chevron in Onslow was to conduct a pre-tender forum where the key Tier 1 contractors (3 tenderers for the power and water and 3 for the operational housing) were invited to present opportunities within respective contracts to local business owners/ operators and other key stakeholders – in Onslow.

This forum not only provided valuable information and insight into tenders and contracts for local business, it also exposed what was available – in terms of local business to the Tier 1 contractors.

Chevron acknowledges that this process would ideally, in the future, commence – within the community – as soon as the Final Investment Decision was made. In the case of the Wheatstone project, this was two months prior to commencement of construction. The OCCI considers the role of the RCCI to be critical during this process to ensure that local business is at the forefront of planning.

These pre-tender forums are now offered by the majority of industry, large business groups and government prior to the awarding of tenders and contracts signalling a quantum shift in terms of the acceptance of local content in Onslow.

The suite of strategies and initiatives conducted by the OCCI with its partners to link local business to opportunities includes the following.

Strategy	Approach
6.1 Promotion of available and pending contracts and tenders to local business owners/ operators	a) Pre-tender presentations in Onslow (as a first consideration and option). Ensure representatives from the Purchasing Departments are in attendance b) BCP and other key partners to provide information and updates sourced from other service providers and resources e.g. ICNWA, Space Station Survey, Business Foundations, Gateway c) The OCCI to make contact with Tier 1 and 2 contractors and request forward notification of contracts and or business opportunities
6.2 Forward Plan	Support provided to local business to develop potential ideas and associated business practices (as per section 4)
6.3 Promote OCCI member business details	a) OCCI business directory and website details forwarded to ICNWA, BCP and other partners b) BCP and partners to provide OnslowConnect, OCCI directory and website to existing networks c) OCCI OnslowConnect, business directory and website details to be forwarded to Tier 1 and 2 contractors direct d) Scope of Onslow Connect expanded to be state-wide and not limited to oil and gas
6.4 Connect local business with Tier 1 and 2 contractors	a) ProjectConnect presentations to be delivered in Onslow – with an Onslow centric focus (development of OnslowConnect) b) OCCI to contact potential contractors to promote local content

7 Communication strategies

Communication is one of the key elements of the success in Onslow regarding the promotion of local content. With the OCCI acting as the interface and with a physical presence offered through the centrally located OCCI office, all key stakeholders have a "go to" group to promote the exchange and promotion of knowledge and information.

The following strategies (internal and external) have been developed and implemented by the OCCI and its key partners.

Internal (Between key stakeholders and OCCI)	External
Key stakeholders to provide information and updates sourced from other service providers and resources e.g. ICN, Space Station Survey, Business Foundations, Gateway	Pre-tender presentations – in Onslow and or on site. Ensure representatives from the Purchasing Departments are in attendance
Schedules of programs, support, presentations etc developed and shared between key stakeholders	Establishment of a centralised shop front for the OCCI and a potential Business Hub

Workshops conducted between key stakeholders to identify and document upcoming projects and opportunities	Forums and Business After Hours. *OCCI to brief key stakeholders as to messages to be covered during presentations*
Updates provided by email and on respective Facebook sites	OCCI and BCP to promote events and activities relating to local business
Monthly Chevron meetings to identify local business opportunities	Media releases promoting achievements and outcomes relating to local business
Informal emails	Lunch and Learn sessions
MOUs	Respective Facebook and Websites
OCCI meetings	Promotion of successes
	OCCI briefings and presentations to key sponsors to promote OCCI outcomes in relation to local business
	OCCI ensuring ongoing contact with Tier 1 and 2 contractors and requests maintained for forward notification of contracts and or business opportunities
	Development of documents, Guides and reports relating to business opportunities in Onslow, e.g. *OCCI Business Investment Guide* outlining
	Participation in significant promotional event and activities e.g. The New Pilbara and Passion of the Pilbara