

8th August 2018

Committee Secretary
Standing Committee on Industry, Innovation, Science and Resources
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee,

EconomX designs, implements and manages Local & Regional Content strategies in regional Australia. We provide advice, technology and data analytics that are targeted at developing and implementing strategies which assist Major Projects identify, engage and develop regional supply chains. Our mission is to assist in creating economic benefits and community dividends. EconomX currently delivers these services for clients such as Adani, QGC (Shell) and 15 Tier One contractors and furthermore we represent a network of over 3500 supply chain businesses.

Local and Regional Content is the lever to greater regional economic prosperity and sustainability and yet we see very little in terms of meaningful practice for a great many projects who are satisfied to mask procedural shortcomings with diversionary "good news stories". As such EconomX welcomes this Inquiry into how the mining sector can support businesses in regional areas given our view is many of the standards and practices adopted by both buyer and supplier are currently outdated, uncoordinated or simply unworkable in a modern business sense.

In regards to the terms of reference, we could write pages in response, however the core focus for this submission is more related to the underpinning philosophy of Local and Regional Content. We believe that the responsibility of maximising Local and Regional Content must be a shared responsibility equally split between stakeholders.

In order to extract maximum economic and social benefit from mining procurement it takes numerous stakeholders and parties to co-ordinate a strategy and we refer to this as the Shared Responsibility Framework.

Each Framework has common stakeholders, these being the Buyers, the Suppliers, all 3 levels of Government, local Economic Advocates (such as Toowoomba & Surat Basin Enterprise), Industry Advocates (such as Queensland Resources Council) and the finally the Community at large.

All 6 of these stakeholder groups need to operate in a cohesive manner and follow a collaborative process that adheres to both legislative and commercial standards. Each Local Content strategy has individual requirements both in the application of their strategy and also the engagement and sequencing of the stakeholders who provide unique functions.

There are examples all across the country of a fundamental breakdown in the basic understanding of how major projects procure and interface with stakeholders which manifest themselves in stakeholders undertaking functions which they are not designed to deliver. There are all too many examples of misaligned of stakeholders:

- Buyers being required to investigate the regional supplier market after the contracts have been awarded.
- Suppliers being provided developmental feedback by representatives of the buyer who were not even involved in the procurement process.
- Suppliers being screened by Government backed processes against standards that don't even represent the Buyers requirements
- State Government relying on Buyers to implement supplier development programs which may place the Buyer at significant commercial risk.
- Local Government establishing economic development functions that require information unlikely to be released to them by the buyer

We could go on. Each of these examples listed above, may sound trivial and small, but each of them is enough to delay or prevent the implementation of strategies and ultimately impede the flow of capital and jobs to the regions. Cumulative delays impact economic returns.

As to the role of the Federal Government in the Shared Responsibility Framework and hopefully and outcome to be considered by the Committee

- Re-evaluate the National Framework and create a participation strategy that is relevant to the regions by linking with regional advocates.
- Review Major Projects Local Content plans and hold them accountable to commitments they have made.
- Champion and define the Shared Responsibility Framework and provide guidance to all stakeholders on how maximise the value from their collaboration.
- Don't accept just ticking the box.

We wish the Committee well and would welcome the opportunity to present should that be required

Yours sincerely

Ben Hughes
Managing Director