



Kangaroo Island Industry and Brand Alliance
Prepared for the
Office of the Commissioner for Kangaroo Island

KANGAROO ISLAND TRANSFORMATION PROJECT: AIRPORT PILOT PROJECT

BUSINESS SUPPORT SERVICES

Stage 3 Report 25 January 2016

Executive Summary

The work from the first two stages of the Kangaroo Island Transformation Project highlighted the direct and indirect business opportunities for on-island businesses from the anticipated growth. Stage 3, focussed on the Business Support Services needed to assist the on-island construction industry and associated suppliers to be commercially ready to participate in the upcoming tender processes for the infrastructure development work. It also showcased developer plans to the broader community allowing exploration of operational and flow on impacts to be leveraged.

A series of initial likely training needs was identified from key partnerships developed with the Department of State Development and other stakeholders, based on perceived general weaknesses in the South Australian construction industry's capacity to work on major projects. These options, together with specific details on the upcoming airport tender, were delivered in a workshop on the 20 Jan 2016. Wide communication resulted in excellent attendance with 109 attendees; covering 75 organisations/ companies and 67 completed questionnaires on training needs being received (65 at the workshop and 2 via post).

From this, the initial priorities for the Commonwealth Government Industry Skills Fund (ISF) application have been itemised, as well as the process for the submission of a consortia application, led by KIIBA. It is recommended the initial ISF application cover:

Suite of Business Growth Workshops

- Tender Ready Introduction 1 day
Outcome: Basic Capability Statement, understanding tender fundamentals.
- Tender Ready Advanced 2 day workshop
Outcome: Comprehensive Capability statement, understanding tender fundamentals, ability to write and present a tender.
- Capability Statement development. This will be combined into the Tender Ready workshops.
- Mentoring of businesses through the process to assist in further discovery of development needs and refinement of Capability Statements.
- A guide to Business Collaborative Contracting 1 day workshop



Outcome: Comprehensive understanding of Collaborative Contracting fundamentals including models, agreements. Commencement of MOU discussions between partnering businesses.

The development of the Capability Statements in the next phase of work will allow deeper analysis of individual company needs.

It is recommended that consideration is given to the design and delivery of a more detailed suite of training and support programs in areas not specific to skills development related to the construction of the Airport upgrade.

A series of additional recommendations have also been made to ensure a cooperative approach is developed between training and employment support agencies. This will help to clearly and simply assist companies choose the most appropriate training and skill development for their needs.

Introduction

This report summarises the tasks undertaken by consultants in line with the brief and presents the outputs as agreed in the brief. It also makes recommendations for next steps beyond the scope of the current brief.

The recommendations have been placed at the front of this document to promote discussions around allocation of resources and responsibility against tasks as all parties recognise the benefit of rapid progress in the delivery of the next steps.

A role statement has been prepared to ensure continuity between the Commissioner, Stakeholders and the Consultants.

Outputs as per brief

Phase 1: Needs analysis and industry engagement

- Further updates of the developer needs (updated version attached and summary of significant changes in Section 2)
- Indirect needs (out of scope of this brief but recommendations made in next steps)

Phase 2: Data gathering and assessment of program development

- Analysis of appropriate and available assessment tools and adaptation to Kangaroo Island needs (see Section 3)

Phase 3: Assessment delivery and workshops

- Workshop focussed on construction industry run on 20 Jan and input gathered from attendees during the workshop (see Section 4)
- Subsequent additional submissions from those unable to attend the workshop

Phase 4: Mapping and gap analysis and Support program development

- Mapping of initial training options undertaken. Gap analysis done as part of Phase 2 (see section 3). This revealed initial priority training needs.

- Program of initial training recommended from work to date (see Section 4)
- Recommendation for full training program development beyond the scope of the current brief (see Section 1) as this will be further developed within the next stage (Stage 4) of the Transformation project as additional specific business development needs are identified.

This analysis focuses on the input received around needs of the construction industry and associated trades and suppliers. Areas of support have been prioritised from available information to date to assist them best position their businesses around the upcoming growth.

Section 1

Recommendation for next steps beyond the scope of the current brief

Further industry perspectives on priority needs

1. Prepare a role statement to ensure continuity between the Commissioner, Stakeholders and Consultants. This will assist to deliver clear and timely communication to the island and in particular the respondents to the questionnaire.
2. Phone all questionnaire respondents to qualify for the Industry Skills Fund Application.
3. Conduct one on one meetings with the Major Construction Prime Contractors, Tier 1, who attended the workshop on 20 January, including needs of any recently announced contracts – such as the Campground Construction Tender for the Wilderness Trail.
 - a. Determine if there are further Prime Contractors (particularly on-island) likely to tender for airport contract.
 - b. Determine the issues, opportunities, training and support priorities Prime Contractors see as necessary in maximising the use of local on-island hire and supply companies from upcoming tenders.
4. Conduct one on one meeting with Tier 2/ 3/ 4 sub contractors based on recourses available. This will provide further detail to ensure additional training and development is focused and allows a deeper understanding of further Business Growth assistance required.

Provision of coordinated training program

5. Provide feedback to the on-island training network – next meeting 17 Feb. Include any additional stakeholders who may provide further input (such as Master Builders) and develop a schedule and program with this team integrating their work and priorities with those identified through this project. This includes apprentice support, skills based training with entities like Ozone.
6. Develop a list of relevant training programs that will meet the needs of the Island Businesses, as identified through a gap / needs analysis. Develop an initial program of priority training opportunities in collaboration with the on-island training network. Consideration will be given to a variety of training providers based on their suitability in meeting the training needs of the businesses in relation to the construction of the Airport Upgrade. While TAFE SA is keen to provide all the training requirements, training should be delivered by the best possible experts

including Master Builders, TAFE SA and private contractors. This approach has strong support from a number of key stakeholders, and requires a rapid assessment of priorities and coordinated communication both to training providers and to the community so options and choices are clear, simple and well understood. An independent assessment will be conducted by the Project Managers in consultation with the Office of the Commissioner for Kangaroo Island.

7. Deliver a practical and appropriate schedule of coordinated training on the island, considering business needs and constraints, using appropriate and different suppliers as needed
 - Develop a small advisory group of 'within construction industry' to advise on best times to get people to attend training etc, ensure appropriate training providers are selected
 - Further develop an email list based on list of attendees at workshop 1 for construction industry and suppliers to keep informed
 - As noted in point 1, identify and qualify businesses to be included in Industry Skills Fund application/s
 - Submit Industry Skills Fund application/s with assistance from DSD.

Priority training identified includes the following as listed in Section 3 of this report

Business growth program

- Tender ready support including Capability statement development
- Collaborative Contracting - team development
- Other requests requiring further investigation with businesses:
 - Contracts & Legal Obligations
 - Construction Management or Building Construction management
 - Financial management of Building projects
 - Various Work Health & Safety elements
 - Microsoft Project

Running Your Business Program

- Finance, Project, e-Business and Workforce Ready (may be a range of ways of delivering as a combined option)

Additional training & business fundamentals

- Ensure all businesses employees and owners have an up to date White Card.
- Use the Kangaroo Island Council pre-qualification framework as a training development process noting there is no pre-qualification required for the Airport Tender but the framework allows a structured way, appropriate to Kangaroo Island needs, of working with local businesses and demonstrating where they do meet the 'bar' and where they need to do further work to meet a specific 'bar'.

Further training that would support growth in the construction industry and the tourism industry as well as emergency services includes unrestricted light and heavy vehicle licenses. Currently training is only available off island and may not be able to be delivered fully on island due to limited traffic simulations and associated issues. CFS funds may be available to support this.

Additional support needed

8. Commissioner continues to pursue investigations around a group insurance policy to protect subcontractors against loss of income/payment from developers and or prime contractors going into receivership etc.
9. Understanding contracts and contract terms and conditions was raised by DSD as a key gap for sub contractors in the construction industry. The MBA training course noted covers this element however DSD suggested this be further explored/ expanded.
10. Continue further discussions with PIRSA and RDA about their capacity to support needs identified.

Communication and updates

11. Provide regular information updates via the Commissioner, KIIBA, BKI websites and social media, other Industry Associations networks, workshop email list. Use Facebook and a wide range of additional mechanisms to get messages out to cross sector operators that updated information is available at these sites. Including areas such as:
 - Follow ups on specific questions raised in workshop such as insurance, Council preferred supplier issues raised
 - Updates on developer timelines and needs
 - Continue to develop a better understanding of next steps and other specific needs of construction industry from more detailed follow up discussions and in areas raised by a few companies only to date such as transport logistics, mentoring etc.

Other sectors

12. Continue to develop information around indirect opportunities
 - Develop a growth fact sheet – to assist indirect and other opportunities be assessed (number of new jobs, possible impacts on visitor growth, on population). People will need assumptions and estimates to discuss with accountant and plan own expansions (such as accommodation, buying new equipment such as local bus, food production etc.). Information to date needs to be really clear that it will alter as developers firm up staged development etc.
 - Simplify how we state and communicate potential growth so easy to comprehend and unifies messages from different parties.
13. Plan with key industry associations (BKI, TKI, KIFWA, Ag KI and any others) to run similar workshops designed for their sector (but open to members and non members) focussed on exploring the potential impacts of growth and possible flow on effects.



Section 2

Summary update on development plans of all projects delivered at Workshop January 20, 2016.

Updated KI Transformation excel workbook file provided to Commissioner 2/02/2016.

Airport specific updates

Tenders now closed for Sketch Design and Consultant engagement for runways and terminal.

Shortlisting complete.

Final review and successful contractor decision due for announcement February 2016.

Next phase is design development.

Sub contractor EOI and tender process estimated to commence May/June 2016

Sub Contract tenders will be listed on SA Tender website

<https://www.tenders.sa.gov.au/tenders/index.do>

Section 3

Data gathering and program development

3.1 Further review existing business ready / commercial ready assessment tools in the market and within Government. Analysis of appropriate and available assessment tools and adaptation to suit Kangaroo Island needs.

Discussions were had with various parts of Government and service providers around assessment and business development tools available, and our ability to adapt to suit the identified needs of Kangaroo Island and specifically the Airport development.

The following lists providers consulted, tools available and subsequent recommendations on delivery.

Department of State Development (DSD) – discussion and subsequent meeting had with Ivor Hay, Manager of Small Business and Jeff Camburn. In line with South Australia’s major infrastructure project requirements DSD has developed a suite of assessment, training and development tools specifically to assist the construction industry. It was agreed that these tools could be adapted to suit the identified needs of the Kangaroo Island construction industry.

Outcome

Assessment tools identified

Major Projects Ready – A guide to Supply Chain Engagement (Commercial Ready assessment) elements of this will be combined for delivery in Tender Ready Intro and advanced workshops.

Training tools identified

Suite of Business Growth Workshops

- A guide to Business Collaborative Contracting 1 day workshop
Outcome: Comprehensive understanding of Collaborative Contracting fundamentals including models, agreements. Commencement of MOU discussions between partnering businesses.
- Tender Ready Introduction 1 day workshop
Outcome: Basic Capability Statement, understanding tender fundamentals.
- Tender Ready Advanced 2 day workshop
Outcome: Comprehensive Capability statement, understanding tender fundamentals, ability to write and present a tender
- Capability Statements development.
This will be combined into the Tender Ready workshops.

The above tools provided the basis of the Workshop 1 participant questionnaire.

- **Business Development Strategies 2 day workshop**
Outcome: Comprehensive understanding of your business, negotiation and the fundamentals of business proposals

Suite of Running Your Business Workshops – all ½ day



- Finance, Project, e-Business and Workforce Ready. Elements to be included in Tender Ready.

It is recommended that both Tender Ready workshops be run as soon as possible. This will deliver the Capability statements (mentors will assist in refining) for each business and will deepen the understanding of further training and development elements required.

It is recommended that the Business Collaborative Contracting workshop should be run concurrently.

Department of State Development (DSD) – discussion and subsequent meeting had with Brett Mayne Regional Manager, Southern Adelaide, Adelaide Hills, Fleurieu and Kangaroo Island Employment Division.

Outcome

- Brett presented at Workshop 1. He will assist as the interface between TafeSA, Job Actives and other training and recruitment agencies affiliated to Government programs. He will also assist with Industry Skills Fund ruling requests and fund applications.

TafeSA - discussion and subsequent meeting had with Tim Hutchinson Regional Manager – Adelaide Hills, Fleurieu Peninsula, Kangaroo Island Business Development and Regions

Outcome

- Tim contributed to the panel at Workshop 1.
- He will now attend the monthly on-island Training Network meeting. This includes Job Actives i.e Workskill and other training and associated service providers including carer and disability employment services.
- TafeSA have assisted in the development of and delivery of several of the DSD programs.

Master Builders SA

Discussion had with Mark Lukowicz, Director of Commercial Services from MBA.

MBA are a member driven organisation. This is reflected in the pricing structure of training provision. They have the capacity to deliver on demand courses on the Island dependant on timing, budget etc.

Outcome

Relevant training that MBA could deliver based on demand shown in questionnaire responses are:

- Contracts & Legal Obligations
- Construction Management or Building Construction management
- Financial management of Building projects
- Various Work Health & Safety elements
- Microsoft Project

Prior to proceeding further with MBA, discussions are required with individual businesses to identify their exact needs.

Funding

Federal Industry Skills Fund (ISF) Attended forum and follow-up discussion held with program advisor Sean Holden from Australian Industry Group Training Services (AiGroup).

Outcome

Meeting held with Adelaide managers of the ISF, Heather West and Renee McHale from the Department of Education and Training. There is in principal support of the Transformation project.

- Applications can be made as individual businesses and *consortium. The purpose of the funding is to support businesses that have an identified growth strategy to access free skills advice and **subsidised training. If businesses on the Island can articulate their growth strategy then they may be able to access the fund. Based on information available it is considered that Transformation program fits the ISF, particularly a consortium application in the first instance. Further qualification approval is being sought.
- All members must have an ABN.
- There is currently no limit to the number of applications for funds by a business or consortium.
- Not-for-profits such as KIIBA are eligible to apply as the Lead Member, IS funding only covers the cost of external consultants as mentors and the actual cost of training program delivery by a third party. No Project management fee will be provided by ISF to a Lead in this instance.
- Project Management funds for successful Industry Skills Fund Applications are currently available upon application through DSD.
- Attachment 1 describes the application process.
- Turn around time from application lodgement to engagement is approximately 2 weeks.
- An Australian Government Department of Education and Training Skills advisor will work with the consultants engaged to validate workshop outcomes and formalise training programs in advance of an ISF application.
- Skills Advisor has been engaged to assist with applications.

*Consortia must involve a Lead Member and at least two individual members. Individual businesses and members of a Consortium must satisfy Eligible Applicants criteria.

**Co contribution from participating businesses

Micro business (0 - 4 FTE employees) 25%

Small business (5 – 19 FTE employees) 34%

Medium business (20 – 199 FTE employees) 50%

FTE – Fulltime equivalent employees

3.2 Identify and target all relevant KI operators, organisations and other entities that may benefit from the proposed business growth as well as promoting self-selection through the workshops.

This was undertaken for the workshop held on 20 January with a primary focus on the construction industry (see section 3 for results). Initial recommendations are made for the next steps with further relevant sectors.

Section 4

Assessment delivery and workshops

Workshop on 20 January 2016 in Kingscote, Kangaroo Island

- Attendees 109 (including 5 consultants and other staff)
- Covering 75 organisations/ companies
- 67 companies completed questionnaire forms. 65 at the workshop and 2 post.

Table 1. Summary of further areas of interest

Business / area of interest	Number
Major Construction Prime Contractor (Tier 1)	4*
Construction Sub-Contractor (Tier 2) and Tier 3 & 4 Supplier	26**
New Developments - operational opportunities	41
Indirect flow on opportunities	54
Apprenticeships	18
Trainees	18
Job seeker	24

* 7 filled in this section of the form. Of the 4 above 1 is an off-island contractor

** 18 completed Tier 2 section and 12 Tier 3 & 4 Supplier

Note – removed respondents in ‘training and employment services’ categories from apprenticeships and trainee categories.

Table 2. Current Situation - Construction

	Tier 1	Tier 2/3/4	Suppliers	Other services	Job seekers	total
Already work for on-island major contractor	3	22	3	1	1	30
Already work for off island major contractor	2	6	3	1		12

Table 3. Respondent training needs - Construction

Training/ support options	Tier 1	Tier 2/3/4	Suppliers	Other services	Job seekers	total
Capability Statement assistance	2	13	3	1		19
Commercial Ready Assessment and advisory support	2	2		1		5
Tender ready support	4	19	4	1	1	29
Tender writing training	3	2		1		6
Collaborative team development	0	13	3	1	1	15
Business growth	2	18	3	1	1	25

ATTACHMENT 1.

Industry Skills Fund Process

