

# Cape York Region Package: Peninsula Developmental Road

## 2016 Key Result Areas Fact Sheet

May 2016

### About the project

The Cape York Region Package (CYRP) is a \$260.5 million program of works jointly funded by the Australian and Queensland Governments to upgrade critical infrastructure on Cape York Peninsula.

The CYRP includes a \$200 million program of works to progressively seal the priority sections of the Peninsula Developmental Road (PDR)

The remaining \$60.5 million is being directed towards other key access roads, transport infrastructure, and water and sewerage works in Indigenous communities. This includes \$10 million for sealing works on the Endeavour Valley Road through to Hope Vale.

### Three Key Result Areas

An important aspect of the 2016 PDR projects is to provide employment opportunities for local Indigenous and non-Indigenous workers, businesses and suppliers, and training opportunities for Indigenous people.

Three Key Result Areas (KRAs) identified for 2015-16 will be retained for the 2016-17 PDR works as follows:

- KRA 1 - Indigenous and non-Indigenous training and upskilling
- KRA 2 - Implementation of an Indigenous Economic Opportunities (IEO) Plan
- KRA 3 - Local Industry Participation.

### 2016 KRA Approach

The following KRA approach for the 2016 PDR projects reflects an incremental change to that adopted in 2015.

In particular, a significantly higher minimum requirement for Indigenous Business Opportunities has been adopted.

A review of the outcomes achieved against the KRAs will be carried out following the delivery of the 2016 projects and compared with outcomes achieved from 2015 projects.

This information will inform decisions about applying incentives to KRAs and the minimum outcome requirements for future PDR projects.

### 2016 Incentive Pools

For the 2016 projects the maximum incentive pools will again be set at 3.75 per cent of the contract sum for projects over \$10 million (Coen South and Archer to Wolverson).

However for the Little Laura to Fairview project, which is below \$10 million, the incentive pool will be set at 5 per cent of the contract sum.

The higher proportion for this smaller project takes into account the relatively higher establishment and start-up costs for smaller projects compared to larger projects. The incentive pools will be weighted equally across the KRAs.

A summary of the proposed revised maximum incentive amounts are listed below.

Given the excellent performance against KRA 2 in 2015, the base line for the contract requirement for the per cent of Contract Direct Cost amount to be expended on local Indigenous businesses and suppliers will be mandated at 15 per cent (*an increase from 1.5% from 2015-16*).

Incentive is to be applied pro-rata for performance above 15 per cent with the maximum incentive payable at 20 per cent.



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## Summary of the proposed 2016 KRAs

### KRA 1 – Indigenous and non-Indigenous Training and Upskilling

This KRA aims to provide incentive for the Contractor to meet and exceed minimum core training requirements for Indigenous and non-Indigenous apprentices, trainees, cadets and workers.

KRA 1 is based on the Queensland Government Building and Construction Training Policy (QGBCTP) core training requirements.

Additional Key Performance Indicator (KPI) target ranges shall apply to levels of engagement of Indigenous workers and, additionally, higher incentives are offered to exceed core training requirements using Indigenous workers.

### KRA 2 – Implementation of an Indigenous Economic Opportunities Plan

With reference to the QGBCTP - Item 7, incentives will apply for the Contractor achieving KPI targets within the “business supply opportunities” section in the agreed IEO Overview Plan (IEO Plan). The IEO Plan sets a minimum for agreed outcomes and provides flexibility in order for the economic opportunities associated with the Contract to be maximised for local communities.

To assist the tenderers, a list of local Indigenous businesses and employment and training providers for the PDR road projects is available for the tenderer’s information and use at their discretion.

Tenderers may also source local Indigenous businesses on the “Black Business Finder”, website <http://bbf.org.au/>

### KRA 3 – Local Industry Participation

In so far as it is economically and technically reasonable and practicable to do so, the Contractor shall give, and shall ensure that its sub-contractors give, local sub-contractors, vendors and suppliers a full, fair and reasonable opportunity to supply labour, services, materials, plant, machinery, equipment and other items for the works.

‘Local’ is defined as an Industry based within Cook Shire and mainland Indigenous Council boundaries on the Cape.

KRA 3 aims to provide an incentive for the Contractor to engage and maximise local industry participation for contract works.

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