



CONNECTING REGIONAL INDUSTRY

CASE STUDY

CARRAPATEENA MINE PROJECT READINESS TO OPERATIONS



In 2016, the Carrapateena Mine (BHP - formerly OZ Minerals) understood from prior lessons learnt, the importance of localised knowledge and networks to enable the development of the mine.

In short, it needed a strategic partner as the company recognised that it specialised in mining, but not in the Upper Spencer Gulf. It was clear from the outset that company defined targets for local content were not feasible and could increase risk and constrain value creation as many factors were outside the control of the company and the region, so it investigated partnering with a local provider to support operationalising the company strategy and objectives. A partnering approach was to ensure how the project worked in, and with, the region over the project life was fit for purpose.

In 2016 a structured Partnering Agreement was developed with Tactic (formerly GMUSG) to inform the scope and delivery of Local Content services via a fee for service arrangement. Tactic provided independent knowledge services and connectivity. Tactic enabled project decision making by

providing the connectivity and regional knowledge required to inform the co-design and delivery of local content activities and facilitating connection of local businesses to the Carrapateena supply chain during the Project readiness, construction and operational phases.

The outputs of this process provided stakeholders with the transparency and evidence to enable trust in that the highest amount of local content that conformed with the project needs and regional capability was awarded to regional and SA businesses (as measured as total firms involved and revenue generated). The local content model was designed to be transferrable to other projects, sectors and operations and was utilised for the Hill to Hill (H2H) Project – Construction of a 270km powerline (OZ Minerals and ElectraNet).

Key Principles:

- **Local content by design:** Carrapateena, by design, preferentially purchase goods and services locally, within the region or within the state where they operated.
- **High Bar, long run up:** Start early, clear consistent communication around the project phases, procurement processes and how to participate.
- **If not, why not?:** National or international procurement was only considered when it was demonstrated local procurement was not available or not competitive.
- **Reduce friction, reduce costs, build knowledge and capability:** By designing a project prequalification and helping local businesses understand the pre-qualification processes and procurement standards, regional and company resources were optimised.
- **Select Tender and Sole Source:** For key work packages that could be provided Local and Indigenous and land connected peoples.

WHAT TACTIC PROVIDED				
NATURE OF SUPPORT	WORK PACKAGES BY TACTIC UNDER FEE FOR SERVICE AGREEMENT	PROJECT PHASES		
		PROJECT READINESS 2016-2017	CONSTRUCTION 2017-2019	OPERATIONS & MAINTENANCE 2019-PRESENT
Connectivity	Annual Conference Attendance (Company and all major contractors)	•	•	•
	Information and Supplier Forums (Company and all major contractors)	•	•	•
	Buyers and Suppliers Tours (Aligned to Project Work Packages)	•	•	•
	Knowledge services – understanding of lessons learnt and key stakeholders	•		
	Suppliers Register to inform Buyers Tours and procurement	•	•	•
Capability	Pre-qualification support for onboarding of suppliers	•	•	
	Supplier Systems Onboarding Support	•	•	
	Education - working with Project Proponents	•	•	•
	Risk Reviews – Participation as Subject Matter Experts	•		
	COVID-19 - Capability Program	•		•
	Flow Down Provision Design	•		
Planning, Reporting and Delivery	Participation in Risk Reviews as Regional Subject Matter Experts	•	•	•
	Quarterly Review Meetings/ Annual Planning Meetings	•	•	
	Data Collection for Reporting	•	•	
	Survey Facilitation e.g. Net Promoter Score and face to face interviews	•	•	
	Australian Industry Participation (AIP) Plans / IPP Data Collection Support	•	•	

What we achieved¹

- 191 Carrapateena Work Packages were advertised on the Industry Capability Network (ICN) supplier portal with 1,825 Expressions of Interest received, approximately 40% of which were from South Australian businesses.
- Of the \$871.3 million committed on the Carrapateena project, 97.7% went to Australian Entities and \$361.6 million to South Australian regional and local suppliers and contractors. (These figures do not include wages and salaries paid to major contractors or expenditure by contractors in the local region).
- Local content model was recognised as industry best practice, winning 2018 SA Premier's Awards in Energy and Mining - Carrapateena Project with GMUSG.
- Australian Industry Participation Plan (AIP) data reported by the contractors showed the cumulative contract value spent in South Australia by contractors was \$236 million November 2019.
- AIP data also showed cumulative contract value spent in the Upper Spencer Gulf by contractors increased to \$41.9 million as of November 2019.
- Carrapateena received no formal public submissions for the project development approvals.
- Regional Capability Building and Community Resilience (COVID-19).

¹ OZ Minerals Annual and Sustainability Report, 2019 and 2020