



Canberra Business Chamber



Response to draft IPP

18 July 2016

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The Canberra Business Chamber congratulates the ACT Government on the decision to create the position of Local Industry Advocate and welcomes the appointment of Kate Lundy to this role.

A healthy local business sector is critical to continuing positive economic and employment outcomes. Leveraging ACT government procurement to build capacity, expertise and experience of local businesses not only returns short-term employment outcomes but also strengthens the ability of these businesses to compete at a national and international level delivering long term economic benefits for our region.

The creation of the Industry Participation Policy (IPP) is an important step to strengthening the role and impact of the Local Industry Advocate (LIA) to support the growth of local businesses, particularly, with respect to government procurement and its potential to foster growth of local businesses.

“Local businesses are more than capable of doing jobs of all types needed by government, but we need to ensure the procurement process doesn't lock them out. The Advocate will help create opportunities and jobs and grow and diversify our economy.”

Ms Robyn Hendry, CEO Canberra Business Chamber
Media Statement 19 December 2015

Industry forum

The Canberra Business Chamber hosted an industry forum on Friday 1 July 2016 at which Local Industry Advocate, Ms Kate Lundy, presented the draft IPP and sought the views and input of representatives of the local business community.

Twenty-eight representatives of the business community, including industry representative organisations, attended this forum. During discussion a number of important points were raised which the Canberra Business Chamber would like to highlight for consideration as part of finalising the IPP.

- Local businesses are not seeking an unfair advantage through the application of the IPP, rather an opportunity to compete on an equal footing, noting the broader benefits to the local economy of procuring goods and services for CBRJO businesses.
- The Chamber supports the use of the CBRJO to define the region in which a business must be located to satisfy the IPP, however suggests that more consideration be given to further definition of a 'local business'; for example is it enough to simply have a post-box in the region, or to set up an office for the period of the tender delivery? A better definition of local business is important to ensure the appropriate consideration of local businesses, particularly in tenders with a value of less than \$200,000 where no formal Economic Contribution Test is required.
- Measuring the potential economic benefit of a particular tender response will be difficult and may be subjective. In addition to providing guidelines and templates to assist industry to address the Economic Contribution Test, it will be important to provide clear guidance to government procurement staff to ensure the economic benefits test is consistently and accurately applied across Government.
- The community sector has unique characteristics associated with its impact on the local economy; consideration should be given to ensuring that the scope and guidelines for tenders appropriately reflect the nature of the local community sector.
- Consideration needs to be given to the potential costs to industry of complying with the IPP, particularly with respect to regular reporting and complying with IPP requirements. The Chamber supports the LIA's commitment to keep red tape to a minimum.
- The penalties, or consequences, of not complying with the IPP requirements relate only to the potential opportunity to win further work. Members of the business community have expressed concern that this may not be sufficient incentive to comply with the IPP contract requirements.

The Canberra Business Chamber urges the LIA to ensure that the implementation of the IPP includes the following:

- Adequate training of those with responsibility for procurement across the ACT Government service to build an understanding of the intent of the IPP and how it is applied to Government procurement policies across a wide range of goods and services.
- Significant internal ACT Government communication and messaging around the importance of local participation in government contracting and the ability to generate economic activity, employment, investment and innovation as a result of local industry involvement. Highlighting the importance of the IPP to the Government and its priority within Government policy will positively encourage its adoption across Directorates.
- Strong encouragement and incentives for government agencies to adopt and actively promote the objectives and requirements of the IPP. The Canberra Business Chamber notes that the South Australian Industry Participation Plan establishes and reports against agency based Chief Executive Performance agreements.
- A process of independent review whereby a local business is able to request a review of any tender process by the LIA. This would provide an important advocacy role for the LIA on behalf of local businesses who wish to challenge the awarding of a contract that appears to not adhere to the requirements of the IPP.
- A robust monitoring and reporting regime. This might include:
 - The LIA having an audit role with the ability to review the awarding of any Government contract above \$25,000. This could be done on a random basis to review and test how well the IPP is being implemented and may provide an opportunity to identify areas for potential improvement.
 - The LIA collate the IPP reporting in the annual reports of Responsible Territory Entities to provide an annual ACT Government wide report on the outcomes of the IPP. This information would also be useful to inform the three year review of the policy.
 - Meeting again with representatives of local industry in six months to revisit the IPP and its implementation. This will provide an opportunity for early feedback to the LIA on experiences of the business community as a result of the new policy.

The Canberra Business Chamber encourages the LIA to consider other opportunities to support local business to complement the IPP. This may include:

- Establishing a panel system that pre-qualifies businesses as being deemed local and would therefore ensure a smoother and quicker procurement process at the time when the goods or services are required. Such a panel should be open at all times to allow new local businesses to apply and be considered without waiting potentially extended periods for the next round of panel appointments. The establishment of a local business panel would be complemented by the requirement that all tenders include a percentage of local businesses.
- Working with government agencies to construct tender packages that are particularly tailored to local firms taking on the role of prime contractors; and
- Continuing to work with organisations, such as the Canberra Business Chamber, to build capacity within both the public and private sector to establish successful procurement outcomes. The Canberra Business Chamber would be very willing to provide opportunities such as 'meet the buyers' sessions for a broader range of government procurement staff and projects.

The Canberra Business Chamber is keen to continue a close working partnership with the office of the LIA and would welcome the opportunity to explore any of the points made in this submission in more detail as required. We recognise the significant economic benefits that arise from a strong partnership between local businesses and the government to deliver goods and services to the ACT community and look forward to the positive outcomes that will be delivered through the implementation of the IPP.