

Media Release

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New ACT Procurement Rules Drive Up Cost of Infrastructure and Services

The Canberra Business Chamber, Master Builders ACT and Property Council of Australia (ACT Division) have last week lodged submissions to the Inquiry into *Government Procurement (Secure Local Jobs) Amendment Bill 2018*.

Collectively representing more than 10,000 local businesses, the industry groups have concluded that the new rules will:

- Increase red tape that will have a detrimental effect on local businesses and local jobs throughout the ACT;
- Drive up the cost of infrastructure and services because of high compliance costs and reduced competition; and
- Conflict with Federal Legislation, including the *Fair Work Act 2009* and the Code for the Tendering and Performance of Building Work 2016 (the Building Code)

Master Builders ACT CEO Michael Hopkins said, “The legislation was being introduced because ACT Labor promised the Unions they would introduce the legislation in the lead up to the 2016 election.”

“Whilst we support the objectives of Government to ensure they are contracting with ethical contractors and suppliers, the legislation is being rushed through with little regard to the comments made by industry groups or the impact on small and local family businesses”, Mr Hopkins said.

Mr Hopkins said, “the laws will give unprecedented access to work sites, employee records and private information to Unions. These Unions include the CFMMEU which, on average, has been penalised \$125,000 each and every week this financial year. They simply do not accept that they should follow the laws like they expect everyone else to do.”

Canberra Business Chamber CEO Robyn Hendry said, “ACT businesses have told us for many years that they face barriers when tendering for local government work, resulting in less local businesses winning ACT Government contracts than we would like. The proposed reforms have the potential to now lock them out completely. The majority of businesses in Canberra are small or medium-sized, they are the engine room of our economy. If

introduced in its current form, the legislation will discourage our SMEs from tendering for ACT Government work. Generally, our smaller businesses will not have the resources or ability to sufficiently navigate these processes.”

Mrs Hendry said, “We are also concerned the proposal will result in decreased competition which will increase the cost of public projects and expenditure, which will cost every Canberra.”

“This Bill will immediately impact local security, cleaning, construction and traffic management businesses – major local employers – and then the majority of other industries after the first 12 months”, said Mrs Hendry.

Property Council of Australia (ACT Division) Executive Director Adina Cirson said, “at a time of renewal across our city it was critically important that Canberra remains an attractive and competitive environment to invest and do business in, and that any reduction of available contractors as a result of the increased red tape associated with tendering for ACT Government contracts would be an extremely poor outcome of this Bill.”

“We are concerned that the contractors who will be either willing or eligible to perform work for the ACT Government will be significantly reduced and this is likely to disproportionately affect small businesses, who contribute greatly to the diversity of the ACT economy and community”, said Mrs Cirson.

Mrs Cirson said, “In particular, we are worried that this Bill will see a significant reduction in competition which will lead to increasing costs of infrastructure and development at time when significant investment is required by a growing population.”

Mr Hopkins said, “A key concern for local construction businesses is that the new ACT code will introduce obligations which conflict with the Federal Code for the Tendering and Performance of Building Work”, he said.

“This would put local businesses in the unenviable position of having to choose between being compliant with the Federal Code, or compliant with the ACT Code, putting local businesses at a disadvantage if seeking to work for Government in their own backyard”, he said.

The three industry groups are calling on the ACT Government to proceed with caution around the introduction of any legislation that may see local business operators locked out of ACT government work and is requesting that Government engage in genuine consultation with industry to address the consequences of the laws.

More time is also needed so that thousands of local businesses can undertake audits and apply for Code Certificates to ensure they are compliant. 15 January 2019 is when the new laws are proposed to commence, and this leaves little time for such a major and for reaching compliance change.

Transitional provisions are also requested to remove the need for businesses to hold separate certificates under existing procurement laws and the new laws simultaneously.

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