



# PROCUREMENT

1. Congress recognises that Australia produces some of the best quality goods and services in the world and the enormous potential government procurement has to support local industry and create local jobs.
2. Congress is concerned governments' narrow focus on cheapest price rather than the broader economic benefits of procurement, and the current government's agenda to attack procurement policies that support local business, is disadvantaging local industry, costing jobs and resulting in exploitation of workers and breaches of industrial, superannuation and taxation law. Even worse, this attitude squanders the opportunity to use government expenditure of taxpayer's money to actually raise standards for Australian workers.
3. Congress affirms that the future of Australian industry requires government procurement that supports local content and local jobs. The Government must use their procurement decisions, and other contractual arrangements with the private sector (such as grants), to achieve broader policy objectives and support local industry and employment. Governments across Australia should make a clear policy statement that it commits to use its economic resources and spending power to reinforce rising wages and stronger labour standards across Australia's economy.
4. To maximise the benefit to Australia and Australian working people from government procurement and to achieve a greatest value system, a three-pronged approach must be mandatorily applied. This approach includes 1) Robust conditions of participation with a focus on ethical procurement and labour standards; 2) Full, fair and reasonable access; and 3) A clear and transparent assessment that delivers local benefits.
5. The Governments Commonwealth Procurement Rules must be rewritten to explicitly require government entities and procurement officers to preference local suppliers, manufacturers and service providers. The Rules should require governments to take into account factors such as wages and conditions, the proportion of Aboriginal and Torres Strait Islander (ATSI) employees, WHS compliance, corporate tax and industrial records, length and transparency of supply chains (and in the case of ships, whether the ships employs national or non-national seafarers), the gender pay gap, provision of paid domestic violence leave, various workplace factors (such as Health and Safety Representatives, registered agreements etc), environmental outcomes, secure jobs, regional renewal and minimum numbers of apprentices when choosing a supplier. The rules must be required to be applied in a manner that consistently and correctly ensures overall economic benefits from tenders are considered when assessing value for money, rather than just an assessment of the cheapest cost.
6. To facilitate this, when opening public procurement contracts (above a certain threshold) to bid by private and non-profit suppliers, governments should require in advance a full and transparent reporting by prospective suppliers regarding their adherence to minimum or better labour standards (including the principle of paying at least living wages), and the nature of their own sub-contracting and supply chain relationships with other suppliers. Prospective suppliers which successfully complete this prequalification process would then be entitled to bid on upcoming contracts. In this regard, government would simply be requiring from its own top-tier suppliers a commitment to transparency and reporting no more onerous than is already imposed by leading private companies (including retail, mining, and security firms) through their own supply chain regulations. The pre-qualification process would need to be renewed every five years – sooner in the event that a contractor to government (or one of its own suppliers) is found to have significantly breached minimum labour standards.

7. The Government should also review and reintroduce the Commonwealth Cleaning Services Guidelines, to include the labour standards and certification scheme requirements set out in the multi-stakeholder industry initiative, the *Cleaning Accountability Framework*. In fact, through its direct and indirect economic activity, government should commit to “living wage” compensation policies. The concept is that all government employees, as well as those working in arms-length service delivery and the procurement supply chain, must be paid at least enough to cover the independently defined basic costs of living for a standard household.
8. Industry plans must be developed on an individual industry basis to support local industry (see ACTUs Jobs You Can Count On policy for further detail). These must include the identification of measures to support local content in procurement. They must also ensure Australia maintains a critical mass of local skills along industry supply chains such that Australian industry is not left vulnerable. Such plans must also address compliance issues in industries that are prone to insecure work, vulnerable employment and worker exploitation.
9. The Australian Industry Participation Agency must be refunded and there must be an increased focus on Australian Industry Participation Policies that encourage local participation in major projects and their supply chains through the provision of full, fair and reasonable access to domestic markets. These policies must be mandatory for all tenders and all procurers must be required to use these plans, and be able to demonstrate how they are used, in assessing and comparing the benefits of tenders.
10. Congress is concerned that Australia’s current approach to negotiating and implementing Free Trade Agreements is undermining local business and local jobs. In recent agreements, in return for little economic benefit, Australia has traded away much of its ability to preference local business and industry when spending taxpayer money.
11. Australia needs to take full advantage of exemptions in trade agreements to preference local suppliers, particularly Small and Medium Enterprises, in government procurement decisions. Failure to do so is putting Australia at a direct disadvantage to competing countries. Australia must not enter into any additional trade agreements that further restrict the government’s ability to preference local suppliers or remove exemptions from existing agreements (see ACTU Congress Trade policy for further details)
12. Congress is concerned that local business who use ethical and responsible practises are disadvantaged against international or local competitors that do not. We must focus on ethical and responsible procurement, including clear government mandated obligations on suppliers to commit to environmental, social and governance (ESG) standards to ensure that Australian producers and providers who do the right thing are not disadvantaged against international or local competitors that do not. Government should also commit to avoiding the most negative labour practices which have undermined job stability and wage growth in private-sector workplaces, including excessive use of casual employees, temporary and irregular hours, unpaid internships, sham contracting arrangements, and others. Government must be held to a higher standard in its labour practices, including strict limits on these unacceptable practices.
13. Government should require and monitor compliance with core labour, superannuation and taxation standards by:
  - a) including core standards in tender documents and contract requirements, and ensuring that the standards form a critical component of how tenders are assessed and contracts are managed;
  - b) requiring suppliers to demonstrate historical and ongoing compliance with core standards;
  - c) introducing a procurement compliance framework and, partially through fines arising from that framework, funding a directly employed public sector compliance and contract maintenance unit to ensure suppliers meet core standards and contract requirements;
  - d) mandating training of all public sector and government officers who engage in procurement duties on the compliance framework and standards; and

- e) introducing key performance indicators (KPIs) and incentive structures for suppliers that reward compliance with the standards and improvements in performance.
14. In conjunction with the Australian Bureau of Statistics, the Commonwealth and state governments should jointly establish a comprehensive and consistent database of public procurement expenditures by governments at all levels (including municipalities), to enhance understanding of the size and composition of public purchases from private businesses and non-government organisations. This database would be invaluable in guiding follow-up initiatives by governments to prioritise the public interest in all procurement decisions.
  15. Government entities should be required to report on supply chain risks under a strengthened *Modern Slavery Act*, including steps they are taking to address modern slavery in their operations and supply chains (such as compliance with mandatory standards, codes of conduct, supplier contract terms, training for staff etc.) and their effectiveness.
  16. Governments at all levels should set up an office of labour standards within an appropriate existing department or body (Department of Prime Minister/ Premier or the relevant procurement body) to review implementation of government procurement policy and compliance with core standards, assess and prequalify suppliers where required, and resolve any disputes regarding breaches in core standards and failure to prequalify. These offices would be charged with reviewing pre-qualification applications from prospective bidders on public contracts; conducting regular audits; developing relationships with relevant stakeholder organisations (including business associations, unions, human rights advocates, and international supply chain regulation networks); building a positive culture of compliance with labour standards goals; and making recommendations to the respective ministers regarding improvements in reporting, auditing, and compliance processes across the procurement supply chain.
  17. Congress acknowledges a focused and coordinated effort must be made to maximise the employment and technological spill-overs from defence procurement. This must include specific mandated targets and timelines for domestic content in input purchases and final assembly.
  18. Congress calls upon the Commonwealth State and Local levels of Government to adopt the Indigenous Procurement Policy and extend this mandatory procurement model.