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## LABOR'S BUY AUSTRALIAN POLICY USING GOVERNMENT PURCHASING TO CREATE JOBS

Labor's Buy Australian policy will create local jobs, get better value for the taxpayer's dollar and boost the nation's economy.

Every year Australian governments spend \$75 billion on goods and services. This is over 10% of Gross Domestic Product. Under the Howard Government this spending has not been used to the best effect for individuals, businesses or the economy as a whole.

Newcastle company, Varley Engineering, recently missed out on an \$20 million contract with Airservices Australia to an overseas company despite being competitive, resulting in a loss of up to 180 jobs including 15 new apprenticeships and the loss of skills and capability for the region.

A Latham Labor Government will consider local products fairly, ensure value for taxpayer's money, encourage training in local industry and keep jobs in Australia.

Labor's *Buy Australian Policy* will:

- Support industry development, particularly in key sectors such as information technology and environmental industries.
- Assist small and medium sized enterprises (SMEs) to grow and link into global supply chains generating export wealth for the nation.
- Support SMEs in rural and regional Australia.
- Encourage the take-up of environmentally friendly goods and services.

Key components of Labor's *Buy Australian Policy* are as follows.

- Buy Australian Strategy – this strategy will include procurement guidelines, requirements for tenders, obligations on senior public servants to consider Australian industry participation, and an SME participation policy.
- Removing Barriers for SMEs – there are many barriers to participation in government purchasing facing SMEs, particularly in Information and Communication Technology (ICT). Labor will remove unnecessary over-specification of tenders, unreasonable financial guarantees and excessive insurance requirements.

- Certainty for the Industry Capability Network – Labor is 100% committed to the ICN and will provide funding for the network in the out years to provide it with the certainty it needs to deliver services to business. The ICN must be able to get on with the job of assisting Australian companies to access government contracts.
- Supplier Access to Major Projects (SAMP) Program – Labor will upgrade the SAMP Program to provide for extra specialist technical advisers. This will provide more opportunities for Australian enterprises to participate in major projects.
- Environmentally Sustainable Purchasing – Labor, through government purchasing, will lead in the uptake of environmentally friendly goods and services.
- Virtual Purchasing Exchange – Labor will bring government purchasing into the 21<sup>st</sup> century by providing one website for the private sector to access and bid for all government tenders across all levels of government.
- Buy Australian Council – Labor will establish a Buy Australian Council to jointly advise the Minister for Finance and the Minister for Industry on whether the *Buy Australian Policy* is developing Australian industry and creating jobs. And, whether it is maintaining value for money.

Under a Latham Labor Government, government purchasing will become an industry policy tool.

Labor's *Buy Australian Policy* will ensure that decisions about the expenditure of public money and contracting are made in an informed way and it will deliver value for taxpayer's dollars.

All Australians know that 'buying Australian' is not just good for the national spirit it is good for growing Australian businesses and keeping jobs in Australia. Australian governments should be no different.

Latest research shows that for every one million dollars spent on manufacturing within Australia:

- about 18 full-time jobs are created a year;
- \$317,900 in tax revenue is generated;
- \$1,262,000 work of value adding is generated; and
- \$211,700 worth of welfare benefits are saved <sup>1</sup>

Supporting Australian enterprise through government purchasing just makes sense.

A Latham Labor Government will buy Australian goods and services to support Australian enterprises and create Australian jobs.

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<sup>1</sup> Impacts of New and Retained Business in the Australian Manufacturing Sector, Australian Economic Consultants Pty Ltd, June 2001.

# Fact Sheet

## Labor's Buy Australian Policy *BUYING AUSTRALIAN SUPPORTS AUSTRALIAN JOBS*

### *Why have a government purchasing policy?*

Governments across Australia spend some \$75 billion each year on goods and services. This is over 10% of Gross Domestic Product<sup>2</sup>. It is imperative that this purchasing power be used to maximise benefits to Australian industry and to create jobs.

A comprehensive purchasing policy has the potential to:

- Assist enterprise development and economic prosperity.
- Create Australian jobs.
- Encourage growth in key industry sectors such as information and communication technology, regional industries and environmental industries.
- Create opportunities for small to medium sized enterprises (SMEs) to grow and link into global supply chains.
- Encourage the use of new technology.
- Provide leadership in the use of electronic purchasing.
- Provide leadership in the use of environmentally friendly products and services.
- Increase coordinated buying across all governments to obtain greater leverage and value for money for taxpayers.
- Change the attitude and culture of government purchasing officers so that culture cringe does not disadvantage Australian products and services.

### *What are the key aims of the policy?*

Labor's policy aims to:

- Encourage government agencies to purchase products and services from Australian enterprises that are price and quality competitive.
- Ensure procurement of goods and services maximises value for money, including taking account of whole of life costs, for Australian taxpayers.
- Ensure a more transparent government procurement structure.
- Maximise Australian SME participation in ICT contracts by ensuring tender specifications are designed to elicit a competitive response from small, medium and large enterprises.
- Provide SMEs with the opportunity to grow, including introducing new ways of managing the intellectual property created through government contracts with the aim of increasing exports.
- Ensure tendering and contracting costs do not increase.

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<sup>2</sup> Productivity Commission., *Report on Government Services 2004*, page 1.6.

## ***What will be contained in the Buy Australian Strategy?***

This strategy will include:

- Best practice procurement guidelines for agencies and businesses.
- Requirements for tenders.
- Obligations for senior public servants to maximise Australian enterprise participation in government contracts and tenders.
- Guidelines to encourage the take up of environmentally friendly goods and services.
- An SME participation policy.
- An ICT-specific purchasing policy.

## ***What is the Industry Capability Network and why is funding certainty important?***

The Industry Capability Network (ICN) is an independent non-profit Australia wide network of organisations financially supported by the Commonwealth and State and Territory governments. The network assists purchasers (public and private) to identify the ability of local manufacturers and service providers that can meet their project needs. This creates jobs, import replacement and exports.

The ICN gets results – it has delivered a total of \$5 billion in contracts to Australian enterprises.

The Howard Government has never seen the national value of the ICN. It has been running the organisation down. The government has also wasted time and resources trying to shift the ICN to full cost recovery, which the government now admits is not possible.

Labor will provide the funding certainty the ICN needs to get on with its business of assisting Australian enterprises to grow and create jobs. The Commonwealth currently provides \$1 million per year for ICN administration and to deliver the Supplier Access to Major Projects (SAMP) Program. The Howard Government has not provided any money in the forward estimates for this program - Labor will. Full details of funding and costings will be released with Labor's industry policy in the near future.

## ***What is the Supplier Access to Major Projects Program and why will a Labor Government put in more funding?***

The Supplier Access to Major Projects (SAMP) Program helps Australian enterprises to identify opportunities and become part of the supply network for large projects in Australia and overseas. The SAMP Program provides funds for technical specialists at the ICN to work with managers of major projects to identify potential Australian suppliers.

Since the program began, it has supported 65 major projects and Australian businesses have won around \$876 million in contracts that might otherwise have gone overseas.

The Howard Government has been systematically dismantling the SAMP Program. In 2003 it provided \$3.5 million, in 2004/05 it will be providing around \$360,000. They have not allocated any funding in the forward estimates.

Labor will rebuild the SAMP program by providing additional funding. Full details of funding and costings will be released with Labor's industry policy in the near future.

## ***What does environmentally sustainable purchasing mean?***

Labor's Buy Australian Policy is environmentally responsible. The Buy Australian Strategy will ensure that environmentally responsible industries, goods and services will be not be disadvantaged. A Latham Labor Government will take the lead in encouraging the uptake of environmentally friendly goods and services.

### *What is a virtual purchasing exchange?*

Labor is committed to bringing the Commonwealth's government purchasing into the 21<sup>st</sup> Century. A virtual purchasing exchange will be created. This is one web site for the private sector to access to bid for all government procurement across all levels of government. Full details of funding and costings will be released with Labor's industry policy.