

# IN THE NATIONAL INTEREST

SUPPORTING LOCAL  
JOBS AND INDUSTRY  
THROUGH GOVERNMENT  
PURCHASING



A JOINT CFMEU AND TCFUA RESEARCH PAPER  
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**CFMEU**

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# EXECUTIVE SUMMARY

Australia provides some of the best quality goods and services in the world, we are renowned globally for our high standards.

While business makes its procurement decisions based primarily on price, governments should be motivated by a wide range of factors such as equity, environmental sustainability, ethical procurement, industry development and the creation and retention of Australian jobs.

Unfortunately, the Australian Government has increasingly put rules, frameworks and systems in place that have resulted in purchasing decisions being made with a narrow focus on the cheapest price rather than an assessment of the broader overall costs and benefits. This is negatively impacting local industry and local employment and making local industry less competitive compared with its overseas counterparts.

The current focus on the Government's procurement procedures, including a recent Joint House/Senate parliamentary inquiry into the Commonwealth Procurement Framework provides reason for sober reflection. However, it also provides an opportunity to develop a better system for Australia. A new approach to procurement must include more robust conditions

of participation; with a focus on ethical procurement and labour standards; fair, full and reasonable access for Australian industry; and clear and transparent weighting systems to encourage local procurement.

## What are the major problems?

1. *Government entities are narrowly focusing on the cheapest price rather than assessing overall costs and benefits of tenders. This is placing local business at a disadvantage compared with overseas competing tenderers with lower local standards and cheaper wage costs.*

The Australian Government's Commonwealth Procurement Rules (CPR) specify that government agencies must consider both financial and non-financial costs and benefits in assessing value for money, but it is clear that in many instances the wider benefits of procuring Australian made products and services are not being adequately considered. When the procurement officials fail to sufficiently assess non-financial benefits, Australian industry is often disadvantaged compared with many overseas competitors that are not bound by the same standards that Australian producers adhere to: e.g. occupational health and safety, product safety standards and environmental sustainability laws and standards. The Government has allowed procuring entities, such as Government departments, to apply the CPR in an inconsistent manner encouraging them to be applied based exclusively on cheapest price.

Recent additions to the Commonwealth Procurement Rules are vague and their implementation has been further undermined by the Government's supplementing guidelines which, rather than supporting the changes, make them weaker. It appears the Government had no real intention to support and encourage local suppliers who do the right thing and provide wider benefits through the rule

changes, but rather to implement the most minimal system to meet agreements with cross-bench senators to gain support for other legislation.

2. *The Government has pursued an agenda to abolish the impact of procurement-connected policies by revoking existing policies and being uninterested in ensuring compliance with those that remain. These policies not only help ensure standards are met, but also help local businesses, who are doing the right thing by meeting those standards, remain competitive.*

In addition to the CPR, procurement-connected policies set out specific methodology for government departments and agencies to consider, particularly non-financial costs, when assessing value for money. Examples have included the ICT sustainability plan (which provided for mandatory requirements for Government agencies to purchase office paper with a certain proportion of recycled content); accreditation to Ethical Clothing Australia (which requires monitoring of compliance with the Homeworkers Code of Practice, a voluntary Code established to ensure textile, clothing and footwear workers and homeworkers receive appropriate legal award entitlements and legislative protection); and the Fair Work Principles (which required all Government procurement decisions to be consistent with the Fair Work Act). These procurement-connected policies, despite providing increasing opportunity for Australian industry by ensuring overseas suppliers are required to meet certain standards (such as environmental sustainability and their respective local labour standards), have been dismantled by the Coalition Government. The Government has pursued an agenda to abolish or neuter the impact of procurement-connected policies.

3. *The Government has cut funding for Australian Industry Participation Plans (AIPs) and not prioritised the enforcement of their use. The result has been the gutting of a system that provides for full, fair and reasonable participation for Australian suppliers in large procurements and projects.*

The Government has removed funding, and largely ignored previous policies, aimed at encouraging Australian industry participation in major projects and in large government procurements. An example of local participation policies is the Australian Industry Participation (AIP) National Framework and use of AIP plans that had ensured Australian providers had a full, fair and reasonable opportunity to supply goods and services to a project. In its 2014-15 budget, the Coalition Government gutted \$83.2 million from the Australian Industry Participation Authority and related initiatives. It has also reduced the effectiveness of the plans by requiring only successful project tenders to prepare an AIP plan. The removal of this requirement has reduced the ability of procurers to assess wider benefits to local industry when analysing the merits of respective tenders, and consequently adequately determine respective tenders' relative value for money attributes.

4. *Australia is trading away its right to support local industry in its free trade agreements. Where agreements already exist, Australia is not making use of the exemptions it has negotiated. This is putting local suppliers at a direct disadvantage to those from countries who are fully exploiting these opportunities.*

Conservatives argue that Australia's international trade obligations require non-discrimination by government procurers on the basis of nationality of the supplier. Though it is true that preference for local business may be inconsistent with these obligations in some cases, there are numerous exemptions (such as for small and medium enterprises [SMEs] and defence) that the Government is failing

to utilise. In Australia an SME is currently defined as having 200 or fewer employees.

Australian SMEs make up 97% of all Australian businesses, accounting for about 80% of employment in the economy. If used properly this exemption could provide substantial benefits to Australian industry.

The hardline approach to free trade is putting Australia at a disadvantage when most of our trading partners are making full use of these exemptions to preference their local suppliers.

The Government's proposed accession to the World Trade Organisation Government Procurement Agreement is threatening the exemptions that remain.

## What needs to be done?

1. Governments should use their procurement decisions to achieve broader policy objectives including supporting local industry and local employment. The CPR must be rewritten to require government entities and procuring officers to ensure local suppliers are not locked out of this critical market. To maximise the benefit to Australia from government procurement and to achieve a greatest value system, a three-pronged approach needs to be mandatorily applied. This includes:
  - Robust conditions of participation, with a focus on ethical procurement and labour standards;
  - Full, fair and reasonable access; and
  - A clear and transparent weighting system for local benefits.
2. The CPR must be applied correctly and consistently to ensure government entities are considering all the broad financial and non-financial costs and benefits from tenders. The cheapest price must not be used as a proxy for 'value for money'.

3. The Government must continue to fund Australian Industry Participation policies, including restoring funding for the assessment, management and processing of plans. Australian Industry Participation plans must be mandatory for all tenders. Procurers must be required to use these plans to assist in their assessment and comparison of the wider benefits to local industry and employment of different tenders.

4. Australia needs to take advantage of exemptions in free trade agreements to provide preferential treatment for local suppliers. Failure to do so is putting Australia at a disadvantage compared with other competing countries who directly exploit this opportunity to support their domestic industries. Australia should not enter into any free trade agreements that further restrict governments' ability to preference and support local suppliers or remove any existing exemptions, including the WTO Government Procurement Agreement.

# SUMMARY OF REPORT RECOMMENDATIONS

## **RECOMMENDATION 1.1:**

Governments should use, and be encouraged to use, their procurement decisions to achieve broader policy objectives including supporting local industry and job creation.

**RECOMMENDATION 2.1:** For any government procurement decision where there is a producer using local content as a tenderer and an imported tender is subsequently selected, the procurer must justify why the imported choice is better value for money in a transparent manner. 'Value for money' must not only reflect cheapest price, but also the broad set of financial and non-financial costs and benefits from a procurement decision.

**RECOMMENDATION 2.2:** The new Commonwealth Procurement Rules are weak and incomplete. The rules must be re-written to be more specific and new guidelines must be established that adequately address implementation issues. Terms and definitions need to be explicitly defined. Vague definitions which leave interpretation and discretion to the supplier or procurement officer need to be removed. Independent assurance that suppliers are able to meet Australian Standards® should be mandatory.

## **RECOMMENDATION 2.3:**

Procurement-connected policies need to be strengthened rather than revoked. The Fair Work Principles and the ICT Sustainability Plan need to be reinstated. Existing policies must be better monitored and enforced. The requirement for TCF manufacturers to have accreditation to Ethical Clothing Australia needs to be reinstated and government funding for Ethical Clothing Australia must be restored. A focus on ethical

purchasing should be a central consideration in every procurement decision.

**RECOMMENDATION 3.1:** The Government must continue to fund Australian Industry Participation policies, including restoring funding for the assessment, management and processing of plans. Australian Industry Participation plans must be mandatory for all tenders. Procurers must be required to use these plans to assist in their assessment and comparison of the wider benefits to local industry and employment of tenders.

**RECOMMENDATION 4.1:** Australia needs to take advantage of exemptions in free trade agreements to provide preferential treatment for local suppliers. Failure to do so puts Australia at a disadvantage compared with other countries who directly exploit this opportunity to support their domestic industries. For example, Australia's trade agreements currently have exemptions for small and medium enterprises, exemptions that competing countries are making full use of. In Australia an SME is defined as having 200 or fewer employees. Australian SMEs make up 97% of all Australian businesses, accounting for about 80% of employment in the economy. If used properly this exemption could provide substantial benefits for Australian industry.

**RECOMMENDATION 4.2:** To assist in ensuring procuring entities take full advantage of the carve-outs in international trade agreements (as outlined in Recommendation 4.1), the Commonwealth Procurement Rules should be amended to explicitly require local preference for small and medium enterprises

in procurement.

**RECOMMENDATION 4.3:** Australia should not enter into any free trade agreements that restrict the Government's ability to preference and support local suppliers.

**RECOMMENDATION 4.4:** The accession and implementation of the WTO Government Procurement Agreement must not erode the exemptions that exist for governments in Australia to preference local suppliers, particularly small and medium enterprises.

**RECOMMENDATION 4.5:** The Government must not pass any legislation related to the WTO Government Procurement Agreement, including any implementing legislation, until the accession terms are finalised, publicly released and approved (in the case the Australian parliament deems accession to be in the national interest).

**RECOMMENDATION 5.1:** To maximise the benefit to Australia from government procurement and to achieve a greatest value system, a three-pronged approach needs to be mandatorily applied. This includes:

- Robust conditions of participation, with a focus on ethical procurement and labour standards throughout the supply chain;
- Full, fair and reasonable access; and
- A clear and transparent weighting system for local benefits (see Section 5 for more detail).

# 1. WHAT IS PROCUREMENT AND WHY IS IT IMPORTANT?

'Our manufacturers, farmers, fishermen and processors make some of the best products in the world, and by buying their goods, you're not only supporting local jobs and our economy, but also getting great products and produce.' - Australian Made

One of the many functions of government is the regulation of markets. Australian governments encourage competition while also correcting market failures and ensuring markets run in the best interests of Australians. They are also the most substantial single participant in many of these markets through the purchase of goods and services and the hire of workers in the public sector.

In 2015-16, Australian Government expenditure was estimated at \$432 billion (Australian Government, 2016) approximately 26.2 percent of Australia's \$1.6 trillion Gross Domestic Product (GDP) (ABS, 2016). The Australian public sector employs over 1.5 million working Australians, over 12 percent of the country's 12 million employed people (ABS, 2016b). A 2013-14 Senate inquiry into Commonwealth Procurement Procedures heard that the Australian Government spends over \$40 billion every year in acquiring goods and services through tender, representing around 10 per cent of total government spending. The largest proportion of procurement spending was on defence-related goods and services, approximately \$18.6 billion was non-defence-related in 2011-12 (AMWU, 2013). This figure had risen to \$57 billion in 2015-16 with the expenditure representing a distinct 70,338 contracts (Department of Finance, 2016).

Government spending and tenders can either go locally, or to overseas providers. Spending locally not only directly creates and protects jobs in Australian industries, it also has a multiplier effect in that it increases economic activity in downstream industries and communities and can stimulate private investment in Australian industries. Though data on the multiplier effect is limited, a 1998 study commissioned by the Industrial Supplies Office Network (ISONET) found that every \$1 million of new or retained business created \$328,105 worth of tax revenue, \$1.2 million in value-added, \$210,082 in saved welfare benefits and 22 full-time jobs (Joint Committee of Public Accounts and Audit, 2000). In 2012, a study by the Industry Capability Network (ICN) found that every \$1 million of new or retained business for Australian manufacturing businesses generated \$225,300 worth of tax revenue; \$713,400 of gross value added; \$64,900 in saved welfare benefits and 6 full-time jobs (ICN, 2012).<sup>1</sup>

Whereas businesses are largely profit driven, governments are motivated by a range of factors in addition to price. Government expenditure should play multiple roles including the provision of goods and services to Australia, as a means to influence the economy through fiscal policy and for the promotion of a fair and equitable society. Government procurement can also be used for industry development and support. Many of the procurement decisions of government will have flow on impacts to employment

in particular industries and the broader Australian economy that need to be carefully considered.

Social procurement is a mechanism by which procurement decisions can be used to generate wider social benefits such as employment and training, social inclusion, sustainability, equity and fair trade (Burkett, 2010). In this sense, governments are able to link their economic and practical needs with social agendas.

Since the 1980s, the global approach to the role of government and government procurement has changed alongside the growth of the conservative economic consensus of deregulation and liberalisation. The conservative consensus argues that free markets increase efficiency, and that markets operate best when there is minimal government intervention. Minimal government and minimal regulation will increase growth which will in turn 'trickle down' to provide benefits to all. A concept that the International Monetary Fund and World Bank have recently argued just hasn't happened (Dabla-Norris et al. 2015; Kim 2015).

In terms of government expenditure, the conservative consensus has manifested through a reduction in the role of government as a producer, through privatisation. It is argued that Government spending should be minimised in order to increase the role of the private sector - because the private sector is considered to be more efficient.

1. In addition to flow-on effects to downstream industries, local procurement also opens up Australian businesses to further export opportunities. The former Chair of the Senate's Inquiry into Commonwealth Procurement Procedures, Kate Lundy, finds that government contracts can act as an 'export credential' for Australian businesses. As the Australian Government is internationally viewed as a high-standard procurer, winning a government job has the potential to open up new export markets to Australian providers. By contrast, awarding government tenders to overseas providers can place those providers in a more competitive position. If Australian providers are unable to secure tenders from their own government, a question may be raised as to why? (Lundy, 2016).

In terms of governments' role as a consumer, conservatives argue that that governments should not use public procurement as a means to achieve policy outcomes. Governments are restricted in their ability to do so through the use of rules and procedures (as well as the removal and weakening of rules and procedures such as policies to buy locally). Kunzlik (2013) argues that this approach contends that as government agencies are not profit maximisers, and are not subject to the competitive forces of the market, their decisions are likely to be inefficient. Consequently, regulation should constrain the discretion of government, and market forces should be able to impose pressure on government to constrain choice.

However, rather than the benefits of efficiency trickling down, the weakening of governments' ability to make purchasing decisions to benefit Australian industry and its workers has contributed to the demise of many industries. Restricting governments' ability to preference local suppliers in its procurement decisions has not advantaged Australia as a nation; instead it has put the country at a disadvantage compared to those countries who continue to support their own industries.

The Australian Government is, by measure of both the quantity of the goods and services it purchases and by its reputation as a purchaser of substance, an important market for Australian industry. The Australian Government's procurement should be conducted in a way which supports the national interest and never in a way which undermines it.

**Recommendation 1.1:**

Governments should use, and be encouraged to use, their procurement decisions to achieve broader policy objectives including supporting local industry and job creation.





# 2. AUSTRALIA'S APPROACH TO GOVERNMENT PROCUREMENT: THE COMMONWEALTH PROCUREMENT RULES

The Australian Government's procurement framework is predominately set out in the Commonwealth Procurement Rules (CPR). The rules set out the requirements for Government departments and agencies when purchasing goods and services as well as for government officials performing duties in relation to procurement (FPRAC, 2014). The rules must be followed when spending Government money to procure goods and services.

The CPR are divided into two parts. The first part (Division 1) sets out rules that are applicable for all procurements regardless of value. These include:

- value for money;
- encouraging competition;
- efficient, effective, economical and ethical procurement;
- accountability and transparency;
- risk management; and
- procurement method.

The second part (Division 2) sets out additional rules for procurements above a relevant certain threshold<sup>2</sup>. This includes conditions for limited tender; request documentation; specifications for goods and services; modification of evaluation criteria or specifications; conditions for participation; minimum time

limits; late submissions; receipt and opening of submissions; and awarding contracts.

The CPR specify the achievement of 'value for money' as a core rule and it is the default position for many Government agencies in meeting the CPR. It is apparent, however, that departments and agencies are interpreting 'value for money' to mean 'the cheapest price'.

Value for money and the cheapest price should not be interchangeable.

The CPR state that to achieve value for money, officials must consider both financial and non-financial costs and benefits such as:

- the quality of the goods and services;
- the potential supplier's relevant experience and performance history;
- flexibility;
- environmental sustainability of the proposed goods and services;
- and other whole-of-life costs (Department of Finance, 2014).

The cheapest price, does not necessarily guarantee the best value for money. While a project, product or service may have a

low upfront price tag, it may be poor quality, be environmentally unsustainable and may provide no flexibility. As a consequence, a project, product or service with a lower price may actually end up more expensive overall than one with a higher upfront direct price that offers better outcomes in terms of quality and environmental sustainability and allows for more flexibility in the event of unanticipated or unforeseen events.

A 2014 Senate inquiry into the Commonwealth Government's procurement procedures found that, despite the rules requiring consideration of both financial and non-financial costs and benefits in assessing value for money, departmental and agency procurement officials are often using the direct price of a project as an inappropriate proxy for 'value for money'. That is, they are incorrectly using 'value for money' to justify making a procurement decision based purely on the cheapest price (ANAO, 2014).

If Government departments and agencies focus purely on price, rather on the range of considerations that make up best value for money, some overseas providers are likely to have an unfair advantage. In many instances, lower labour and production costs allow overseas

2. \$80,000 for non-corporate Commonwealth entities other than for construction; \$400,000 for corporate Commonwealth entities other than for construction; \$7.5 million for procurement of construction services.

providers to offer lower prices, as many of these providers do not produce to the same standards as Australian industry. The focus purely on price often comes at the expense of higher product standards, labour standards, quality and environmental impact – all factors which should be taken into consideration under the CPR.

The fact is that successive Australian Governments have allowed Government departments and agencies and recipients of Government grants to apply the CPR in an inconsistent manner, encouraging the CPR to be applied based exclusively on what goods or service have the cheapest price. The result is that, too often, imported goods are being purchased instead of locally produced goods even when the locally produced goods represent the best overall ‘value for money’ for the Australian taxpayer.

This puts Australian jobs at risk when local companies miss out on Government contracts. Adding insult to injury, when Australian companies miss out, it’s not usually because they do not offer a quality product at a competitive price but because a departmental or agency procurement official makes a short-sighted and narrow decision as to what constitutes best ‘value for money’.

If, for any Government procurement decision, there is a competitive Australian supplier as a tenderer, and a decision is made by a Government procurement officer or funding entity not to use the Australian product, they should be required to justify how the imported choice is better value for money for the Australian taxpayer. In justifying value for money, they should demonstrate that they have considered all factors in the CPR – including overall economic benefit. If an imported product is chosen over an Australian product it must be transparent why this has occurred. At the moment, it is not.

**Recommendation 2.1:** For any government procurement decision where there is an Australian supplier as a tenderer and an imported tender is subsequently selected, the procurer must justify why the imported choice is better value for money in a transparent manner. ‘Value for money’ must not only reflect cheapest price, but also the broad set of financial and non-financial costs and benefits from a procurement decision.

## Recent additions to the Commonwealth Procurement Rules.

In November 2016, the Government announced changes to the CPR for high value procurements (Division 2) which came into effect in March 2017. The rule changes came about as part of Government negotiations with the Nick Xenophon Team in order to gain their support for legislation to reinstate the Australian Building and Construction Commission (ABCC)<sup>3</sup> (Iggulden, 2016). Though the intent behind the rule changes was admirable, there is significant concern about their implementation and benefit in practice.

The rule changes included:

- requirements for tenderers to demonstrate the capacity to meet Australian standards where applicable;
- requirements for entities to make reasonable efforts to determine compliance with standards;
- requirements for officials to make reasonable enquiries that procurement is carried out considering relevant regulations (such as employment, OHS, and environmental regulations);
- consideration of the economic benefit of procurement above \$4 million to the Australian economy; and

- a requirement that policy operates within the context of relevant national and international agreements and procurement policies (e.g. free trade agreements).

The full set of rule changes can be found in Appendix 1.

Following the announcement of the new rules, a Joint Select Committee on Government Procurement was established to examine the new rules and the best way to implement them. The rules were supplemented by guidance material that was released by the Department of Finance in February (Department of Finance, 2017).

While the intent of the new rules is positive, the rules themselves are weak. They are not specific or prescriptive enough. Consequently, they may have little real impact in terms of their implementation. In fact, it appears that the Government has no real intention to support Australian suppliers, producers and providers, but rather to implement the most minimal system to meet their agreement with the Nick Xenophon Team. In fact, the Government guidelines supporting the rules attempt to water down the original intent of the rule changes.

For example, under the new CPR, for procurements above \$4 million Commonwealth officials are *‘required to consider the economic benefit of the procurement to the Australian economy’*. In the guidelines supporting the CPR, suppliers have a very wide range of discretion in how they can define ‘economic benefit’. A supplier can effectively provide economic benefit, simply through ‘competitive pricing’ and providing low cost services.

Effectively, in attempting to prevent government agencies and departments from relying solely on cheapest price rather than whole-of-life economic benefits, the Government agreed to new rules which require consideration of the economic benefits to the Australian economy of a procurement. However, the vagueness of the rules in combination with the Government’s tricky guidelines mean that it is likely that the

3. The ABCC (and accompanying Building Code) regulation re-established the Howard era building industry watchdog with coercive powers that single out construction industry workers, increase penalties for unions and restrict unions ability to negotiate worker friendly clauses in EBA agreements and to act on health and safety.

supplier can demonstrate economic benefit through simply providing the cheapest price. This renders the rule changes largely ineffective.

A further example in the new rules, under conditions for participation, is that officers must make *'reasonable enquiries'* that the procurement is carried out considering relevant regulations, such as labour, environment and OHS regulations. According to the guidelines, this already vague requirement is made vaguer by leaving the decision as to what constitutes reasonable enquiries to the discretion of the procurement officer rather than requiring comprehensive compliance auditing.

Similarly, the new rules require tenderers to demonstrate the capability to meet Australian standards. Again, it is at the complete discretion of the procurement officer to determine whether a standard applies and what evidence must be provided by the potential supplier to demonstrate capability to meet the standard. A requirement to undertake independent assurance is optional (Department of Finance, 2017).

The major problem with the rules and associated guidelines is vagueness. This is most likely a deliberate attempt by the Government to water down a set of regulations that was negotiated, on their part, not due to an inherent desire to improve procurement outcomes for local business and workers and to benefit the broader economy, but in order to meet an agreement with the crossbench in order to pass unrelated legislation. In fact, increased regulation in order to protect local businesses is largely inconsistent with the Government's conservative liberal ideology. This has also been demonstrated by the Government's revocation of procurement-connected policies, such as the Fair Work Principles (see Section 3).

This observation is consistent with the findings of the Joint Select Committee in their inquiry into the new rules that found that the Government's supplementing guidelines, rather than supporting successful implementation, have *'the potential to undermine the intent of the new CPR'* (JSCGPR, 2017).

#### **Recommendation 2.2:**

The new Commonwealth Procurement Rules are weak and incomplete. The rules must be re-written to be more specific and new guidelines must be established that adequately address implementation issues. Terms and definitions need to be explicitly defined. Vague definitions which leave interpretation and discretion to the supplier or procurement officer need to be removed. Independent assurance that suppliers are able to meet Australian Standards should be mandatory.

## Procurement-connected policies

In addition to the Commonwealth Procurement Rules (CPR) a number of procurement-connected policies set out more specific methodology for agencies to further consider, including the non-financial costs involved in assessing value for money. A failure to follow a procurement-connected policy is essentially a breach of the CPR (FPRAC, 2014).

As at 2014, there were 24 procurement-connected policies with responsibility for the administration of these policies across 11 Commonwealth Government departments.

One example was the ICT Sustainability Plan, a policy that provided additional mandatory requirements for Government department and agencies when purchasing paper. The plan required that:

- Office paper for general use had to be at least 50% recycled by 2011 and eventually 100% recycled by July 2015;
- The remaining 50% non-recycled content needed to have chain-of-custody certification to ensure it can be traced back to sustainably managed forests, such as Forest Stewardship Council (FSC) certification or Program for the Endorsement of Forest Certification (PEFC) schemes; and
- That similar paper content standards were used for external printing and design contracts, where possible (Australian Government, 2010).

The plan also provided additional guidance on how environmental value should be weighted in evaluating tenders. In particular, evaluation based on the inherent risk to the environment and sustainability of resources for a given type of contract and the associated loss of Australian Government reputation. For example, according to the plan a copy paper contract may carry a high environmental importance due to the risk of procuring illegally logged timber and/or competition for productive land use. As such, the environmental value for evaluation purposes may be regarded as a higher value (or as more important) in copy paper contracts than in other contracts.

In response to the ICT sustainability plan (and its mandated requirement for Government departments and agencies to purchase 100% recycled office copy paper by July 2015), Australian Paper made a \$90 million investment (with support from both the Federal and Victorian governments) in building a major paper recycling plant at the Maryvale Mill in Victoria's Latrobe Valley.

From 2015, the Federal Government decided to remove the plan and consequently its commitment to buy recycled paper.

'It makes no sense for the Government to first assist this vital Australian company to establish a new recycling plant to reduce paper waste in Australia, only to remove a significant market just as it was beginning to ramp up operations' - Ross Hampton, CEO of the Australian Forest Products Association (AFPA, 2015).

Mr Craig Dunn, Senior Marketing Manager Sustainability at Australian Paper, suggested that if the requirements in the procurement-connected policies relevant to paper procurement were taken into account then it could possibly be expected that the Australian Government would be using predominately Australian made recycled paper. However, the reality was that in 2014, three-quarters of the top 22 Government agencies were using only imported recycled copy paper (Dunn, 2014).

After the ICT sustainability plan ceased (a plan that along with the National Waste Policy should have resulted in 100% recycled Australian made paper being predominantly used by the Government according to Mr. Dunn), according to the latest information about paper purchasing (2016-17 financial year to April 30 2017) just 38% of the 107 Australian Government entities reporting used predominantly Australian made paper (Department of Finance, 2016/2017). Some entities, such as the Australian Bureau of Statistics, the Australian Competition and Consumer Commission, the Fair Work Commission, Safe Work Australia and the Australian Taxation Office, used absolutely no Australian paper at all. Others such as the Department of Prime Minister and Cabinet and the Department of Immigration and Border Protection have used less than 5% Australian made paper. The Department of the Senate used only 6.4%. A breakdown of usage by Government entity is provided in Appendix 2.

Other sources included paper imported from Brazil, China, Indonesia, Thailand and Europe - often containing non-recycled sources such as virgin wood fibre sourced from forests. For example

in the 2015-16 and 2016-17 financial years the Department of Prime Minister and Cabinet procured just 5% of the copy paper they used from Australian manufacturers. Alternative paper they have used includes imported recycled paper and paper made with virgin fibre imported from Thailand, Austria, Indonesia and Brazil (Department of Finance 2016/2017).

Worse yet, in 2014 a paper supplier to Government was found to be sourcing from an Indonesian manufacturer which had illegally broken off collective bargaining talks and called in the local army and police to intimidate workers against supporting their union (IndustriALL, 2014). If the Fair Work Principles (a procurement connected policy with the aim of ensuring that all Government procurement decisions were consistent with national labour laws) had been enforced at this point, government suppliers would have been contractually required to ensure that their own suppliers complied with all applicable workplace laws in the jurisdiction in which they were respectively operating. By contrast, in the absence of enforcement of these procedures, the Department of Finance determined the Government supplier provided 'value for money' despite continuing to source from the Indonesian manufacturer.

Australian companies are put at a disadvantage when they have to compete directly with overseas countries where standards, including environmental and labour standards, are lower than those in Australia. While imposing standards can increase costs for business, as a society we have deemed them necessary to ensure products are safe, that workers are treated fairly and that we do not damage the environment. Ensuring standards are met by suppliers and their respective supply chains (both local and overseas) under procurement guidelines and connected procedures means that Australian companies doing the right thing are not disadvantaged.

'[Local industries have] a legitimate point, for example, on SPC Ardmona and the furniture industry. They said that having foreign bidders in the tender process is unfair competition because they may not be bound by standards that Australian companies are bound by, such as sourcing of wood products, occupational health and safety in the workforce, and all sorts of other things, where Australian standards may tend to be higher than standards from at least some other countries. It is a fair point to make that the local companies are at a disadvantage... it would be possible to, in a sense, raise the standard so that you as a tenderer must conform to these standards. Australian companies then would not be disadvantaged.' - Dr Nick Seddon (2014)

The requirement for government to consider local standards in procurement is being increasingly recognised around the globe. For example, in July 2014, former US President Obama signed an executive order that required prospective federal government contractors to disclose labour law violations and gives United States agencies more guidance on how to consider labour law violations when awarding federal contracts.

'Federal contracts should deliver value for taxpayers in a way that is consistent with our nation's values, contractors that illegally cut corners at the expense of their workers should not benefit from taxpayer-funded federal contracts. At the same time, employers who meet their legal responsibilities should not have to compete with those who do not.' - U.S. Secretary of Labor Thomas E. Perez

By contrast, Australia appears to be going backwards. Concern about the processes by which Australian Government departments and agencies take into account issues of child and slave labour was raised by Senator Xenophon at the Senate Inquiry into Government Procurement. It was found that while procurement was required to be conducted ethically, this relied on a

requirement for suppliers to make declarations about such issues under procurement-connected policies – essentially an honesty system (Xenophon, 2014). The final report of the inquiry stated that procurement-connected policies can be important and expressed concern about the lack of cohesion and direction in the application and monitoring of policies. The inquiry recommended the Department of Finance work with the lead agencies for procurement-connected policies and the Department of Prime Minister and Cabinet to develop a whole-of-government annual reporting framework for monitoring of, and compliance with, these policies.

The more recent Joint Standing Inquiry recommended specific policies be established requiring Commonwealth agencies to evaluate suppliers' compliance with human rights regulation and requiring Commonwealth agencies to evaluate the whole-of-life environmental sustainability of goods and services. The Committee also recommended an enhancement of the procurement-connected policy for Australian Industry Participation Plans, requiring that good procurement practices are implemented down through the supply chain.

However, the Government is not interested in ensuring there is increased compliance with procurement-connected policies.

Instead of implementing the recommendations to improve compliance with procurement-connected policies as recommended by the Senate Committee in 2014, the Government pursued the ideologically-based findings and recommendations of Former Treasurer Joe Hockey's and Finance Minister Mathias Cormann's infamous *Commission of Audit*.

Consistent with the conservative consensus, the *Commission of Audit* argued that procurement-connected policies represent a significant amount of red tape, that procurement should not be used to progress broader social objectives, and procurement connected policies should be abolished.

As a result the Government have pursued an agenda to abolish or neuter the impact of procurement-connected policies. This agenda has included:

- the revocation of the Fair Work Principles that included specific obligations for tenderers from the cleaning services industry and those that manufacture textile, clothing and footwear products to have accreditation under the Homeworkers Code of Practice administered by Ethical Clothing Australia;
- the lapsing of the ICT Sustainability Plan by the Government after the plan ceased on July 2015, despite Australian Paper investing in a \$90 million de-inking and recycling plant in response to the plan;<sup>4</sup> and
- the commissioning of a report on the 'appropriateness' of potential tenderers being required to submit Australian Industry Participation Plans as part of the tendering process for large projects and procurements. The Australian Industry Participation policy requires tenderers to outline how they will provide full, fair and reasonable opportunity to Australian industry to supply goods and services in a project or procurement.

Procurement-connected policies allow the Government to ensure it is receiving the best value for money overall in its purchasing decisions, that Australia's laws and regulations are being followed, and to ensure that procurement provides economic, social and environmental benefit to Australia. These policies also support the Government in achieving broader policy objectives in particular areas, through its procurement decisions. Consistent with the conservative agenda of minimising government and furthering the development of the free market, the current Government has not only been uninterested in ensuring compliance with existing procurement-connected policies, they have played an active role in removing them.

### **Recommendation 2.3:**

Procurement-connected policies need to be strengthened rather than revoked. The Fair Work Principles and the ICT Sustainability Plan need to be reinstated. Existing policies must be better monitored and enforced. The requirement for TCF manufacturers to have accreditation to Ethical Clothing Australia needs to be reinstated and government funding for Ethical Clothing Australia must be restored. A focus on ethical purchasing should be a central consideration in every procurement decision.

4. On 2 February 2016, the matter was referred to the Finance and Public Administration References Committee for inquiry and report by 23 June 2016. At the dissolution of the Senate and the House of Representatives on 9 May 2016 for a general election, the parliamentary committees of the 44th Parliament ceased to exist and the vast majority of Government departments and agencies continue to source their paper from overseas.

## Case study 1: Australian standards and ethical procurement - the abolition of the Fair Work Principles

The Australian Textiles, Clothing and Footwear (TCF) industry adds approximately \$2.6 billion to the Australian economy and hires over 36,360 workers (DIIS, 2016). Many workers in the industry are not hired directly by fashion manufacturers but rather work is outsourced through a series of contractors and subcontractors. At the bottom of the production chain are outworkers or homeworkers, who perform work at their home or other non-business premises.

Often, the working conditions for many of these homeworkers are terrible. Many workers have low levels of pay and lack many of the protections afforded to other workers (TCFUA, 2016). In order to increase transparency in the manufacturing production chain, and to identify and address exploitation, a joint industry-union initiative, the Homeworkers Code of Practice (now Ethical Clothing Australia) was established. The Homeworkers Code of Practice is a voluntary code developed to ensure TCF workers and homeworkers receive the appropriate work entitlements and protections; to educate workers and manufacturers and to facilitate transparent, ethical and sustainable supply chains (Ethical Clothing Australia, 2016).

In July 2009, the Government released the Fair Work Principles. The principles were a procurement-connected policy with the aim of ensuring that all Government procurement decisions were consistent with the Fair Work Act. They included general provisions as well as provisions specific to the cleaning services and TCF industries. Importantly, the principles required that overseas suppliers provide information about how they comply with their respective domestic labour laws. Suppliers who failed to comply could be excluded from gaining contract work with Government.

In relation to TCF, the principles required all Commonwealth agencies or departments to only sign contracts with textile, clothing and footwear manufacturers that are (or are in the process of being) accredited under the Homeworkers Code of Practice.

'As a consequence of the Government's policy regarding TCF procurement ECA has been able to provide advice or assistance to more than 6000 homeworkers in the TCF industry. Homeworkers are some of the most vulnerable and isolated workers in the TCF industry, working from home for long hours, on low pay and in unsafe conditions. ECA accreditation ensures that those most vulnerable workers at least receive the minimum legal wage and entitlements such as annual leave, worker compensation and superannuation' - Simon McRae, National Manager, Ethical Clothing Australia (2014).

The Fair Work Principles became the first procurement-connected policy to be abolished by the Coalition Government. In March 2014, the Government announced it would be revoking the Fair Work Principles to take effect from July 2014. The Department of Employment's funding agreement with Ethical Clothing Australia also ceased.<sup>5</sup> The argument by the Government against the principles was that they created different and more onerous arrangements for sub-sections of employers and employees in the relevant industries and that the additional costs created barriers to entry for local firms. They argued that local companies had to be accredited and overseas companies did not which meant that local companies were effectively being discriminated against (McKenzie 2014; OBPR 2014).

Ethical Clothing Australia argues that the requirement for accreditation for local firms does not need to be disadvantageous if Commonwealth Procurement Rules are being followed as they are intended. In fact, it can put local providers at an advantage when factors such as risk management are taken into consideration. This argument acknowledges Government departments and agencies misuse of 'cheapest price' as a proxy for 'value for money'. In other words, the requirement to be accredited to the Ethical Clothing Australia is only a barrier to Australian accredited firms gaining government work in the absence of a priority to stamp out worker exploitation in TCF supply chains.

'Critics of the procurement policy rules don't acknowledge the importance of ECA accreditation in terms of risk management. They argue that accreditation provides a disadvantage for those businesses in Australia bidding for government TCF contracts as this is not required of companies who manufacture overseas. However these critics have failed to provide any evidence that local TCF manufacturers have been disadvantaged by this policy.' - Simon McRae, National Manager, Ethical Clothing Australia (2014).

5. ECA is a not for profit currently funded by the Victorian Government's Department of Economic Development, Jobs, Transport and Resources.



Rather than removing the requirement of accreditation completely, the Government's response should have been to require equivalent standards and apply risk mitigation strategies for any purchasing involving overseas companies looking to supply the Australian Government. The lack of Government accountability when sourcing from overseas has again been on display recently with the example of the sourcing of military dress uniforms.

Answers from the Department of Defence at Senate Estimates reveal how Shandong Yelia (the company that Australian Defence Apparel (ADA) have contracted for dress uniforms) was not physically audited, even by the Department of Defence let alone a tripartite independent body such as Ethical Clothing Australia, before a decision to award them the contract was made (Department of Defence, 2016). Worse yet, ADA's subcontractor even declined to

name their fabric supplier in China, citing commercial-in-confidence. This concern has been raised by other local businesses.

*"They simply send the contract offshore. They buy the goods. They do not go and check. They do nothing. The goods arrive here with no quality assurance. There is not one retailer in Australia— a Target or a Kmart or a Big W or anybody—that would buy goods from Asia without sending their people over there to audit the factories. The DMO does not do it."* – Myron Man, Rossi Boots.

It is not the costs of proving compliance with the law and internationally recognised labour and safety standards that puts local companies at a disadvantage, it is the cost of undercutting by other suppliers who do not conform to these standards. For example, a 2014 report on the garment industry in Eastern Europe found endemic exploitation

of workers, dangerous working conditions and wages far short of a subsistence (let alone living) minimum (Luginbühl and Musiolek 2014).

In their submission to the inquiry, local industries argued that having foreign bidders in the tender process is unfair because they are not necessarily subject to the same standards that Australian companies are subject to (Seddon, 2014b).

The Government's response of removing accreditation means that local producers are at a disadvantage compared with companies who produce in overseas countries where standards are low. Rather than rewarding local companies for doing the right thing it encourages a 'race to the bottom' on labour conditions that does nothing to help either local suppliers or workers in Australia or exporting countries and undermines our national values.

# 3. AUSTRALIAN INDUSTRY PARTICIPATION

In 2001, the Australian Industry Participation (AIP) National Framework was signed by Australian governments. The framework's aim was to create a consistent national approach to encouraging Australian industry participation in major public and private projects. The framework was underpinned by the principle of 'full, fair and reasonable' opportunity for Australian Industry to participate in investment projects. The guiding principle of 'full, fair and reasonable' meant that local providers would have:

- Full opportunity: That Australian industry has the same opportunity afforded to other global supply chain partners to participate in all aspects of an investment project (e.g. design, engineering, project management, professional services, IT architecture);
- Fair opportunity: That Australian industry is provided the same opportunity as global suppliers to compete on investment projects on an equal and transparent basis, including being given reasonable time in which to tender;
- Reasonable opportunity: that tenders are free from non-market burdens that might rule out Australian industry and are structured in such a way as to provide Australian industries the opportunity to participate in investment projects. (Australian Government, 2001)

Each state and jurisdiction subsequently put in place its own industry participation policies aimed at increasing Australian industry participation. Some required bidders to complete industry participation plans as part of their bid, others incorporated a form of preference scheme into government purchasing in a manner consistent with Australia's international trade obligations (e.g. local content and price preference criteria).

Requirements to provide for the full, fair and reasonable participation were further codified at a Commonwealth level through a number of initiatives by the former Labor Government. This included:

1. the Australian Government Procurement Statement in 2009 that applied the AIP framework by requiring tenderers for Commonwealth infrastructure projects to prepare and implement participation plans,
2. the Australian Jobs Forum in 2011 that extended the requirement to prepare and implement plans to states, territories and private business that bid for Commonwealth grants and
3. the Australian Jobs Act in 2013.

The Australian Jobs Act requires AIP plans to be prepared for large projects (over \$500 million expenditure). The plans must detail how project proponents will ensure

Australian providers have a full, fair and reasonable opportunity to supply goods and services to a project. The Act also specifies how design specifications should take into account Australian and international standards so that Australian entities are not 'designed out' of the project and consequences for non-compliance. The Act also created the Australian Industry Participation Authority to administer the new AIP requirements, evaluate and approve AIP plans, publish plan summaries, monitor and report on AIP plan implementation and ensure compliance.

On announcing the Act, the Government at that time (Labor) stated that surveys of proponents that had completed AIP plans since 2003 had found a large majority of proponents agreed that the AIP plans had a positive impact on: their company (70 percent), Australian producers (71 percent), regional development (75 percent) and employment and skills acquisition (90 percent) (Australian Labor, 2013).

Despite the above, the Act was not supported by the Coalition and in May 2014 the Commission of Audit recommended that AIP plans for Government procurement cease and the Australian Industry Participation Authority be abolished as part of the Government's deregulation agenda. The recommendation was based on the proposition that the policy provided an 'unreasonable burden on business for little or no policy outcome'. There does not





appear to be any evidence to back up this statement, with no publicly available submissions to the Commission of Audit suggesting the abolishment of AIP plans or the Authority.

Prior to the Commission of Audit's recommendation, the Department of Industry released terms of reference for a review into AIP. The Coalition's 2014 budget then cut \$83.2 million from the Australian Industry Participation Authority and the 'Buy Australian at home and abroad' initiative. The review was received by Government on the 17th of July 2014. The Government did not respond to the review nor release it publicly. After receiving the report, the Government did not act to abolish AIP plans (despite abolishing numerous procurement-connected policies) nor the requirements outlined in the Jobs Act. They also did not restore the necessary funding for assessment, managing and processing of plans that had been cut in the budget.

In July 2014, the Senate Inquiry into Commonwealth procurement procedures recommended the Government continue to fund the AIP policies and programs:

*'The committee is also gravely concerned for the future of the Australian Industry Participation (AIP) programs and policies – which include AIP Plans in*

*government procurement, Enterprise Solutions Program, Supplier Advocates and the Buy Australia at Home and Abroad Initiative. These programs were cut in the 2014 Federal Budget. The committee calls for these programs to be continued.'* (FPRAC, 2014).

In response to the inquiry's findings, the Government suggested it did not support the finding and had commissioned an independent review into the costs, benefits and effectiveness (they do not mention "appropriateness") of Australian industry participation policies and programs. The Government failed to mention that they had been in possession of the report for nine months and had not released it nor responded to it.

The removal of funding of the AIP program has meant that it does not have the rigour or effectiveness it once had. While AIPs still exist in practice, the approach to their use has changed. Under previous arrangements, all tenderers needed to produce an AIP plan when tendering for Government projects. More recently, a question in Senate Additional Budget Estimates has revealed that currently only successful tenderers have been required to submit an AIP plan<sup>6</sup> (Sinodinos, 2017). When all tenderers had been required to submit an AIP plan, these plans could be compared and

assessed as part of the evaluation of the whole-of-life benefits of project tenders. The removal of this requirement has reduced the ability of procurers to assess wider benefits to local industry when analysing the merits of respective tenders, and consequently adequately determine respective tenders' relative value for money attributes.

The Government has not only cut funding for AIP plans, they have also not prioritised the enforcement of their use. The result has been the gutting of a system that provided for full, fair and reasonable participation of Australian suppliers in large projects.

### **Recommendation 3.1:**

The Government must continue to fund Australian Industry Participation policies, including restoring funding for the assessment, management and processing of plans. Australian Industry Participation plans must be mandatory for all tenders. Procurers must be required to use these plans to assist in their assessment and comparison of the wider benefits to local industry and employment of tenders.

6. Minister Sinodinos: "there was a requirement that everybody prepare an AIP plan as part of their tender, but that was discontinued. If a tender is successful now, an AIP plan will be prepared and implemented post-tender;"



# 4. WHAT ABOUT OUR INTERNATIONAL OBLIGATIONS? THE RELATIONSHIP BETWEEN THE CPR AND INTERNATIONAL TRADE AGREEMENTS.

The Commonwealth Procurement Rules (CPR) reflect Australia's international trade obligations. The cornerstone of these international obligations, which are a result of a number of Australia's Free Trade Agreements, is that all potential suppliers to government must *"be treated equitably based on their commercial, legal, technical and financial abilities and not be discriminated against due to their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services."* Essentially, in many cases, government agencies presume they cannot preference local suppliers over overseas providers, simply because they are Australian.

Australia has signed numerous trade agreements (including the Australia US Free Trade Agreement, AUSFTA, and other bilateral agreements) that contain specific chapters on government procurement. These chapters attempt to open up government procurement markets between countries, placing restrictions on the ability for them to preference local suppliers. Though Australia has provided preferential treatment

for local suppliers in the past, the signing of bilateral agreements with procurement chapters has made it more difficult.

However, while in many cases, local preference would not be consistent with Australia's free trade agreements, negotiated carve-outs and exemptions in these agreements mean there are many instances where government would be able to preference local business in a manner consistent with our obligations.

Examples of exemptions in AUSFTA include:

- a government agency procuring goods or services from other government entities;
- procurement of motor vehicles;
- procurement of research and development;
- procurement of government advertising services;
- measures for the health and welfare of indigenous people; or

- measures for the economic and social advancement of indigenous people;
- the protection of human, animal or plant life or health;
- any form of preference to benefit small and medium enterprises.

AFTINET (2015) argues that while other countries have fully exploited exemptions, such as the US through its Small Business Set-aside program and South Korea's quality certification and preference program for small Korean firms, Australia is not fully using its opportunities.

**"There is evidence that Australian government policy has not fully utilised the capacity to give preference to SMEs, and that Australian government departments are not aware of, and do not implement this policy."**

In fact, successive Australian Governments have taken a hardline approach to these obligations. For example, the Department of Finance confirmed that additional benefits such as

tax revenue and employment are not taken into consideration when the department makes spending decisions, even when there are opportunities to do so through exemptions for SMEs. It argues that Australia's free trade obligations require that there is no discrimination on the basis of product nationality which means in assessing value for money the Government cannot consider the multiplier effects or 'national pride' of having the products made locally (FPRAC, 2014).

As an example, the Australia United States Free Trade Agreement (AUSFTA) provides exemptions in relation to government procurement for 'any form of preference to benefit small and medium enterprises (SME)'. That is, where Government procurement contracts are awarded to an SME, the principle of non-discrimination does not apply (Seddon, 2014). Despite this exemption, Seddon (2014) and the report of the Senate Inquiry on Commonwealth Procurement Procedures (FPRAC, 2014) find the provision for SMEs in the Government's CPR does not reflect the exemption in AUSFTA, nor does it answer whether when making purchasing decisions government agencies can discriminate in favour of local SMEs. With relation to SMEs, the CPR simply state: "To ensure that Small and Medium Enterprises (SMEs) can engage in fair competition for Australian Government business, officials should apply procurement practices that do not unfairly discriminate against SMEs and provide appropriate opportunities for SMEs to compete."

If used properly, this exemption would provide significant benefits to Australia. In Australia an SME is defined as having 200 or fewer employees.<sup>7</sup> Australian SMEs make up 97% of all Australian businesses, accounting for about 80% of employment in the economy. This means that the majority of Australian businesses are able to be preferred in Government procurement decisions while still maintaining consistency with Australia's international trade obligations.

Despite claiming to support Australian small and medium business, the Coalition Government rejected the recommendation of the Senate Inquiry Committee to redraft the CPR to provide an explicit exemption from the CPR for government agencies preferencing SMEs, even though it is permitted under Australia's international trade obligations.

While the Government has not fully capitalised on opportunities available for SMEs, it has recognised exemptions for defence procurement in some instances. For example, under Chapter 15 of the AUSFTA, certain military purchases are exempt from the requirements not to preference local business. In addition it is stated in the AUSFTA that "*Nothing in this Agreement shall be construed... to... preclude a Party from applying measures that it considers necessary... for... the protection of its own essential security interests.*" This can and should include maintaining defence industry capability.

The benefits of local procurement to the Australian economy were clearly taken into account in the Government's procurement decision to build submarines in Australia. In fact, Prime Minister Malcolm Turnbull stated that the decision to build the submarines in Australia was made despite a cost premium of building locally as procurement spending in Australia has spin-off benefits including economic growth, local jobs and innovation and technology improvements (see ABC, 2016).

**"It's absolutely critical that, as far as possible, every dollar that we spend on defence procurement is spent here in Australia because that drives Australian economic growth and Australian jobs. It drives Australian technology, it drives advanced manufacturing and all of the spin-offs that comes from that..." - PM Malcolm Turnbull, 2016**

If the Government really believes that every dollar that we spend on defence procurement should be spent here in Australia, the Coalition Government can do a lot more than they are currently doing. For example in 2016, the Government awarded clothing contracts to make Australian Defence Force uniforms to a company who sources the clothing out of China. The Government chose the cheapest option, ignoring the economic benefits, such as jobs, that could have been created locally.

In another example, just 25% of combat ration packs for all Australian Defence Force personnel is actually Australian sourced. Of the 43 items in the pack 56% was from New Zealand and 19% from US, Vietnam and China (Xenophon, 2017).

There is also concern that a commitment to local industry participation in the \$50 billion Future Submarines project is not being honoured. In April 2016, the Prime Minister said "*the submarine project alone will see Australian workers building Australian submarines with Australian steel*". Federal Minister Christopher Pyne shared this commitment stating that the future submarines would be "*all-Australian build with Australian steel*". Despite this, the Senate heard at a recent hearing of the Joint Standing Committee on Treaties, Defence officials would not guarantee that Australian steel would be used to build the future submarines (Payne, 2017).

Minister Pyne had previously committed to a 90% local build for submarines. He has since vaguely mentioned a 60% minimum figure. This means South Australia could be missing out on up to \$15 billion worth of local economic activity and jobs (Xenophon, 2017b).

7. In contrast the United States and Canada defines a firm in manufacturing as having fewer than 500 employees. In the EU the definition is fewer than 250 employees whereas in China an enterprise in "heavy industry" which is an SME is considered to have fewer than 1000 employees. In 2010, Deloitte proposed extending the definition of an SME from 200 to 5000 employees as it would capture a larger proportion of manufacturing firms and, more importantly, fewer firms would lose their SME 'status' as they grew over time.



## The WTO Procurement Agreement

The World Trade Organisation's (WTO) Government Procurement Agreement (GPA) is an agreement between some of the members of the WTO (currently 19 parties comprising 27 WTO members, with another 29 members acting as observers).

The aim of the agreement is to open up government procurement to member countries. The WTO estimates that after several rounds of negotiations approximately \$2.2 trillion of government procurement activities have been opened up to international competition, annually. The agreement establishes rules that require open, fair and transparent conditions of competition in government procurement (WTO, 2017).

AFTINET (2015) states that a number of governments have not joined the GPA as they want to maintain the flexibility to allow local preference for government procurement in order to encourage local industry development and employment. It states that in the past there have been bipartisan Australian Government policies to retain this flexibility and as a result successive governments have not joined the GPA. In 2015, the current Government commenced negotiations for accession to the GPA.

Australia has already signed other bilateral agreements with procurement chapters that restricted the ability of Australian governments to preference local providers, but these trade agreements include carve-outs that give scope for the government to retain some preferential arrangements, particularly for small and medium enterprises. Other exemptions include defence procurement, procurement from other government entities, and for measures necessary to protect intellectual property, public safety, health, not-for-profits, etc.

While Australia's initial accession offer to the GPA in September 2015 maintained exemptions for

"Under this government we have seen our supply ship built exported to Spain; our icebreaker built offshore in Romania; our future submarines being built by the French company, Naval Group—formerly DCNS; and now our future frigates being built by a British, an Italian or a Spanish company. Is this offshoring and fly-in fly-out shipbuilding approach seriously the government's approach to creating a sovereign shipbuilding capability?" - Senator Xenophon on the tendering process for the approximate \$35 billion future frigate project.

We are putting ourselves at a direct disadvantage compared to countries that are using the opportunities to use these exemptions. The Department of Defence conceded to Senator Lambie that the procurement of United States military uniforms is conducted in accordance with the Berry Amendment, which restricts the US Department of Defense (DoD) from using funds appropriated or otherwise available to DoD for procurement of food, clothing, fabrics, fibres, yarns, other made-up textiles, and hand or measuring tools that are not grown, reprocessed, reused, or produced in the United States (Defence 2016).

The fact is that the United States Defense Federal Acquisition Regulation Supplement regulates to make it near impossible for the United States Department of Defense to purchase any equipment that is not made in the

United States (from underwear to aircraft carriers) (AMWU, 2014).

There is no reason we cannot implement similar regulation here. The Government currently spends \$32 billion on defence per annum; this is expected to rise to \$58.7 billion by 2025-26 (Baldino and Carr, 2016). Not using this spending to support local industry, when we are able to do so, is an opportunity missed.

### Recommendation 4.1:

Australia needs to take advantage of exemptions in Free Trade Agreements to provide preferential treatment for producers using local content and/or labour. Failure to do so puts Australia at a disadvantage compared with other countries who directly exploit this opportunity to support their domestic industries.

### Recommendation 4.2:

The CPR should be amended to explicitly require local preference for small and medium enterprises in procurement.

### Recommendation 4.3:

Australia should not enter into any free trade agreements that restrict the Government's ability to preference and support producers using local content and/or labour.

defence, indigenous participation and the participation of small and medium enterprises, we do not know if more recent revised offers include all of these exemptions. It is critical that they do.

There is reason to be concerned, the inquiry into the Commonwealth Procurement Framework was cautious about the GPA, with evidence from Dr Thurston indicating GPA membership requires governments to curtail the use of local content requirements and preferential procurement policies.

“The negotiations and concessions required in the accession process for the GPA could limit current and future policy options for both Commonwealth and state governments, leading again to a squeeze from both sides for Australian business. It would be unwise for the Australian Government to trade away existing exemptions for government procurement, and options for future flexibility, in the vain hope of additional access to overseas government procurement markets, which based on past evidence is highly unlikely.” - AFTINET (2015)

Explicit concerns were also expressed by the Australian Steel Institute that represents Australia’s remaining steel producers. The Institute cautions that DFAT’s suggestions that the contents of the Government Procurement Agreement are not ‘materially different to many of the free trade agreements entered into by Australia’, while generally accurate, might be misleading.

“The text of the agreements makes very strong statements of a normative nature that would suggest that the current SME ‘carve out’ contained in free trade agreements, as well as any programs designed by the Government to support SMEs may very well be on borrowed time” - Australia Steel Institute.

This is unacceptable.

Australia’s accession to the GPA requires changes to the CPR as well as other Government regulations, including:

- Acceding parties to establish ‘domestic review procedures’. These procedures are a way for suppliers who bid for government procurement contracts and who are dissatisfied with the outcome to challenge their treatment; and
- Restrictions on the use of limited or prequalified tendering. These approaches to tendering are often used by agencies and funding entities to support local suppliers, these restrictions will remove flexibility to do this.<sup>8</sup>

Despite the concerns, the Government is already trying to pass implementing legislation for the GPA before the negotiations have even been concluded. In May, the Government introduced the Government Procurement (Judicial Review) Bill 2017 into Parliament to meet the requirements of establishing a domestic review procedure. The move undermines Australia’s ability to negotiate concessions that will benefit Australia, such as exemptions for SMEs.

“This is like signing a blank cheque before the parliament knows the outcome of the negotiations and makes a mockery of the parliamentary process. The Parliament has never before passed implementing legislation for an unseen agreement” - Dr Patricia Ranald

**Recommendation 4.4:** The accession and implementation of the GPA must not erode the exemptions that exist for governments in Australia to preference local suppliers, particularly small and medium enterprises.

**Recommendation 4.5** The Government must not pass any legislation related to the GPA, including any implementing legislation, until the accession terms are finalised, publicly released and approved (in the case the Australian parliament deems accession to be in the national interest).

8. At a time when the Joint Standing Inquiry Committee suggested that if procurement is from rural and regional small and medium businesses that these procurements should be exempt from open tender requirements.

# 5. WHAT SHOULD THE GOVERNMENT BE DOING? A NEW APPROACH TO PROCUREMENT

Procurement gives the Government the opportunity to link its economic and practical needs with its social agenda, as the procurement decisions of governments have flow-on impacts for employment, industry development, and the broader Australian economy. To maximise the benefit to Australia from government procurement and to achieve a greatest value system, a three-pronged approach needs to be mandatorily applied.

The three fundamental requirements of this approach, include:

1. robust conditions of participation, with a focus on ethical procurement and labour standards throughout the supply chain;
2. full, fair and reasonable access; and
3. a clear and transparent weighting system for local benefits.

## Robust conditions of participation

Australian suppliers are at a disadvantage when they are required to compete with overseas counterparts who are not required to meet the same standards. While standards are crucial for ensuring products are safe, workers are treated fairly, and environmental damage is prevented, they do impose increased costs for business.

Ensuring that all potential suppliers, whether local or overseas, meet the same high Australian standards reduces this disadvantage for Australian tenderers. The establishment of robust conditions of participation under the Commonwealth Procurement Rules that are geared towards achieving ethical and sustainable procurement will help ensure all potential suppliers are able to compete on a level playing field. General conditions of participation should apply to all procurement decisions and should include:

- compliance with core ILO international labour standards and domestic labour laws<sup>9</sup>;
- compliance with local laws in relation to environmental sustainability and international agreements such as the Paris Climate Accord;
- compliance with the surviving procurement-connected policies such as the Workplace Gender Equality Procurement Principles under the Workplace Gender Equality Act 2012 and the Indigenous Procurement Policy (some procurements may require conditions that go beyond this compliance, and require recognition as a WGEA Employer of Choice or procurement from Indigenous businesses and/or mandatory minimum Indigenous employment or supplier use)<sup>10</sup>;

- alignment with the international obligations on human rights, including the prevention of modern slavery and human rights abuses;<sup>11</sup>
- evidence that dumped or unfairly subsidised product that cause material injury to local industry will not be procured; and
- adherence to Australian Standards<sup>®</sup> where they exist (or international standards in their absence).

In addition to general requirements for all procurement decisions, certain designated 'high risk' procurements should have specific and explicit conditions for procurement. For example, due to the increased risk of labour exploitation associated with the Textile Clothing and Footwear industry, a requirement for suppliers to be independently accredited by Ethical Clothing Australia should be reinstated.

Due to the risk of environmental degradation in the procurement of wood, timber and paper products, suppliers should be required to obtain independent third party endorsed forestry certification, recycled content and/or independent supply chain auditing, depending on the product and level of supplier risk.

9. To raise standards through procurement and to level the playing field for all potential suppliers to Government, when domestic labour laws of a given country don't reflect the ILO core international labour standards a requirement to comply with the core international labour standards should prevail. This should include where domestic laws don't reach standards due to either non-ratification of associated conventions by a country and/or the domestic laws of the country or their implementation not meeting the requirements of the standards. From time to time, the ILO's Committee of Freedom of Association make observations and request consultations on these matters, for example, in response to complaints. Using evidence of these observations, a report by Professor Creighton recently outlined that despite ratifying the associated conventions "Australia has very significant compliance problems in relation to the two freedom of association Conventions — Nos 87 and 98."

10. With the exception of the Code for the Tendering and Performance of Building Work which is not supported.

11. Utilising existing mechanisms where appropriate such as:

- The UNGP Reporting Framework (developed through the Human Rights Reporting and Assurance Frameworks Initiative, RAFI);
- The Global Reporting Initiative (an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption); and
- The OECD Guidelines for Multi-National Enterprises.

The development of additional procurement and product or service specific conditions for participation should follow explicit and participatory processes, including government, employers, unions and other stakeholders as appropriate. These conditions should be elevated to the status of procurement-connected policies where necessary.

## Full, fair and reasonable access

The Australian Industry Participation Framework sets out principles for encouraging Australian industry participation in major public and private projects. While the program and Australian Industry Participation (AIP) plans still exist in practice, funding cuts and a failure to prioritise their enforcement has rendered them largely ineffective.

The principles underlying the original framework for the plans include full opportunity (that Australian industry has the same opportunity afforded to others internationally), fair opportunity (that Australian industry is provided the same opportunity to compete on investment projects); and reasonable opportunity (that tenders are free from non-market burdens) (see Section 3).

The CFMEU and the TCFUA support the reinstatement of funding for, and the prioritisation of, enforcement of AIP plans.

In this regard, there should be a legislative and regulatory requirement that ALL tenderers, not only the successful tenderer, provide:

- an Australian Industry Participation Plan;
- All relevant information for the procurement. For example, for suppliers tendering for construction service projects, all tenderers should provide information on:
  - the extent to which locally sourced and manufactured building materials will be used to undertake the building work;
  - whether the building materials to be used comply with relevant Australian standards published by, or on behalf of, Standards Australia;
  - the whole-of-life costs of the project to which the building work relates;
  - the net economic impacts of the project to which the building work relates;
  - the jobs impact of the project to which the building work relates; and
  - whether the project to which the building work relates will contribute to skills growth.

In addition, in order to maximise local industry participation as a result of the plans, the following must occur:

- As a result of the funding cuts to AIP programs, supplier advocates ceased to be funded. These advocates had worked with potential tenderers and other independent bodies (such as the Industry Capability Network<sup>12</sup>) to maximise opportunities for local suppliers. Funding for AIP policies, including supplier advocates, needs to be restored and the role of supplier advocates needs to be formally recognised in legislation;
- The quality of AIP plans submitted must be a key determinant of a successful tender;
- Industry Advocates need to be established and funded to assess the plans and their benefits for their relevant industries; and
- Compliance of the successful tenderer with their originally submitted AIP plan needs to be audited during the project's or procurement's lifespan, any variations must be agreed between the successful tenderer and Government. Compliance monitoring should be conducted by an Australian

Industry Opportunity Officer embedded on the project, where appropriate.

- The threshold for requiring an AIP plan should be halved from \$20 million to \$10 million for Government contracts and government funded and supported projects.

## A clear and transparent weighting system for local benefits

In assessing and evaluating tenders, agencies generally identify criteria by which to compare tenders. When choosing the preferred supplier, the tender that most closely fits the evaluation criteria would be selected. As some of the criteria may be more important than others, criteria are often weighted – where more weight is assigned to more important criteria and less for less important criteria.

Consideration of the benefits obtained from local procurement need to be given adequate weighting in evaluation criteria. This approach is already undertaken by States and Territories through different approaches and methodologies. For example, the Queensland Government has introduced a 'local benefits test' where a weighting of up to 30% will be applied for all significant projects; the South Australian Government has an 'Employment Contribution Test' where a weighting of 15-20% may be applied; the Northern Territory Government stipulates all tenders must include a minimum 30% weighting criteria for local content; and the Victorian Government's Local Industry Development Plan requires an outline of commitment to 'local content' where procuring agencies must include a 10% weighting for local content.

In addition under the Victorian Industry Participation Policy, tenders may be required to meet extra conditions imposed by the Victorian Government. These have included requirements to demonstrate other industry outcomes such as:

12. The Industry Capability Network is a business network that matches local companies with large and small projects.



- number of new and retained jobs;
- number of new and retained apprentices/ trainees; and
- training and skills development of the workforce and technology transfer (such as through innovation, research and development, transfer of intellectual property or transfer of know-how) (JSCGPR, 2017).

On 1 January 2017, the Canberra Region Local Industry Participation Policy (LIPP) commenced in the Australian Capital Territory (ACT). Under the initiative, organisations bidding for ACT Government procurements are required to submit an Economic Contribution Test or Industry Participation Plan with their bids to demonstrate the potential economic benefit for the Canberra Region. ACT Government departments and entities must consider local capability and take into account the broader economic benefits for the Canberra region when determining the best available procurement outcome. Potential suppliers must outline:

- Potential economic benefit to the Canberra Region through the use of Canberra Region sourced labour throughout the contract term;
- Potential economic benefit to the Canberra Region through the use of Canberra Region sourced goods and/or services and any other non-labour inputs that are required to deliver the contract;
- Training and skills development that will be provided to Canberra Region labour in relation to the contract; and
- The value of any existing and proposed capital investment in the Canberra Region directly linked to the contract.

In addition, the WA Labor Party, which has now been elected to Government, recently passed a motion at its conference affirming its commitment to local content and local jobs. It promised to ensure that there is a local content component in all government procurement contracts and

committed to working with key stakeholders (including unions) to conduct a government audit on existing construction works on state government funded projects, as well as to develop a strategy on future projects (WA Labor, 2017).

There has been some concern that some states' and territories' approaches to encouraging local procurement is inconsistent with Australia's international trade obligations. However, recent analysis suggests this is not the case. For example, the South Australian Industry Advocate explained at a public hearing of the Committee's recent inquiry that Crown law advice had deemed that the South Australian approach to encouraging local procurement is compliant with Australia's international trade obligations. According to the Advocate, both interstate and overseas companies have equal opportunity to tender and demonstrate local benefit by hiring and sourcing locally. *"This does not, in any way, create a barrier to interstate or overseas companies operating in the state, however it does allow the procurer, in this case, the state to determine the most 'economically advantageous' tender to the state."* (Nightingale, 2017)

This interpretation of Australia's international obligations is consistent with the advice provided by the DFAT at the recent Joint Standing inquiry:

**"Australia's FTAs allow a contract to be awarded to the firms that represent the best value or most advantageous tender and give procurement officers the flexibility to request and consider all relevant financial and non-financial [costs and benefits] in making that assessment. However, this has a clear boundary in that all tendering firms must be given an equal opportunity to demonstrate the economic benefit to Australia."**

**"The main consideration is that all suppliers, whether they are from Australia or overseas, need to be treated equally in government procurement decision making processes other than the specific situations where exceptions and limitations in the treaties apply."** (JSCGPR)

Given the advice from the Industry advocate and the DFAT, Commonwealth Trade Minister Stephen Ciobo needs to explain why he has been partnering with overseas countries and arguing that local procurement policies such as the "Buy Queensland" policy (as outlined Case study 2) is 'incompatible with a number of Australia's trade agreements'.

The Commonwealth Government has an opportunity to introduce a formal weighting system that recognises the local economic benefit of a procurement, as many states and territories have. The recent Joint Select inquiry recommended the Department of Finance, or the proposed Australian Industry Advocate, publish comprehensive implementation guidelines for the new Commonwealth Procurement Rules as a matter of priority. The committee recommended that the guidelines should:

- explicitly define what constitutes economic benefit;
- prescribe a minimum 15% weighting across a tender in accordance with the economic benefit criteria;
- enable the procuring agency or Minister to retain discretion to increase weighting to leverage economic benefit;
- encourage maximisation of economic opportunities and benefits when assessing a tender for the degree of local content and participation;
- outline how rubrics or weighted criteria may be used to compare the unique economic benefits offered by different suppliers and in assessing economic benefit as part of the overall tender evaluation;

- describe techniques for assessing the veracity of suppliers' claims of economic benefit and for ensuring these benefits are delivered; and
- encourage the consideration of innovative solutions during the scoping and design stage of procurement projects (JSCGPR).

**Recommendation 5.1:** To maximise the benefit to Australia from government procurement and to achieve a greatest value system, a three-pronged approach needs to be mandatorily applied. This includes:

- Robust conditions of participation, with a focus on ethical procurement and labour standards

throughout the supply chain;

- Full, fair and reasonable access; and
- A clear and transparent weighting system for local benefits

## Case study 2: 'Buy Queensland First' - a new procurement policy for Queensland.

In August 2017, Queensland Premier Anastacia Palaszczuk announced a new government procurement strategy which is a win for Queensland workers, families and businesses.

The new policy, which took effect as of 1 September 2017 with full implementation by March 2018, helps ensure that the Government's multi-billion yearly investment in goods, essential services and infrastructure will directly benefit Queensland workers, Queensland families, Queensland businesses and the Queensland economy.

The Policy establishes a framework that maximises the benefits that can be delivered through procurement. By aiming to:

1. Focus on the economic benefit to Queensland – by applying a local benefits test for all significant procurement.
2. Maximise Queensland suppliers' opportunity to participate – by ensuring that for each procurement opportunity, at least one regional and one Queensland supplier, where possible, is invited to submit a quote or tender.

3. Support regional and remote economies – by allowing agencies to procure outside of whole-of-government supply arrangements for regional and remote locations.

4. Stimulate the ICT sector and drive innovation – by doubling the ICT pre-qualification exemption to \$1 million. (Queensland Govt, 2017)

Under the policy, agencies will be required to ensure that capable and competitive local suppliers, including Queensland suppliers and small businesses, are given a full, fair and reasonable opportunity to supply government. Agencies will be required to:

Conduct a local benefits test for all significant procurement where a weighting of up to 30 per cent may be applied.

Ensure that at least one regional and one Queensland supplier, where possible, is invited to submit a tender or quote for a procurement.

If a capable local supplier does not exist within the 125 kilometre radius, the radius should be extended progressively to the local region, then Queensland, then Australia, until a suitable supplier is identified.

In addition each agency must seek to obtain best value for money in its procurement. In value for money assessments consideration must also be given to non-cost factors such as fitness for purpose, quality, delivery, service and support.

Youth will benefit greatly with a 15% training policy (up from the current 10%) on all eligible projects which will deliver a huge boost to apprenticeship numbers in the state.

To ensure integrity a special compliance co-ordination and referral unit will be created.

Commenting on the policy CFMEU Divisional Branch Secretary Michael Ravbar stated:

"This is a HUGE WIN for the Queensland economy..."

...During the Newman/Nicholls reign, we saw regional communities decimated under a procurement policy which provided no accountability or transparency and saw jobs sent offshore and interstate...

This new policy demonstrates that the Palaszczuk Government is committed to delivering genuine outcomes for Queenslanders and will do what is required to ensure that Queenslanders are put first..." (CFMEU Construction and General Queensland and Northern Territory Branch, 2017)



## 6. CONCLUSION

Governments are charged with pursuing and upholding the public interest; their objectives differ from profit-maximising firms and consequently they should not be bound by market objectives. Government decisions may produce outcomes that differ from the free market because that is its differing role, to promote equality and the welfare of Australian industry, Australian workers and Australian society. It is exactly the role of government to achieve non-financial policy outcomes that are not achieved by the market, such as supporting and developing local industry, ensuring adequate standards are met and protection of the environment.

It is exactly the role of governments to safeguard individuals, Australian society and the environment from the negative impacts and failures of market processes. The increasing focus of government procurement solely on price outcomes when assessing value for money over other non-financial outcomes is undermining the role of Government.

The Australian Government's significant procurement spend represents an opportunity to support Australian industry and Australian jobs. Recent focus on government procurement procedures, frameworks and the way policy is implemented provides a reason for sober reflection. It also provides an opportunity to develop a system of government procurement at the Commonwealth level that aligns with the expectations of Australians. We can do better.

Australians are sick of seeing local firms which provide decent jobs and adhere to local regulations lose contracts to overseas suppliers due to those suppliers' ability to offer a marginally lower price than Australian firms, often due to cheaper labour costs and poorer standards.

This is not to say that the Government should buy Australian at any cost, but rather that it needs to conduct a proper assessment of value for money, and all of the financial and non-financial costs and benefits of a given procurement.

Any alternative approach, including the current approach betrays Australian workers, their families and communities.

Firms employing Australian workers and using Australian products are entitled to be able to compete in domestic markets on a level playing field. Governments can provide this level playing field in important government procurement markets through their purchasing behaviour. The only barrier to achieving a fairer system of government procurement is the political will to act and purchase in the national interest.

## **Appendix 1 – Amendments to the CPR**

### Specifications and Standards

10.10. Where an Australian standard is applicable for goods or services being procured, tender responses must demonstrate the capability to meet the Australian standard, and contracts must contain evidence of the applicable standards (see paragraph 10.37).

### Contract management/Standard verification

10.37. Where applying a standard (Australian, or in its absence, international) for goods or services, relevant entities must make reasonable enquiries to determine compliance with that standard:

- a) this includes gathering evidence of relevant certifications; and
- b) periodic auditing of compliance by an independent assessor.

### Conditions for participation

10.18. Officials must make reasonable enquiries that the procurement is carried out considering relevant regulations and/or regulatory frameworks, including but not limited to tenderers' practices regarding:

- labour regulations, including ethical employment practices;
- occupational, health and safety; and
- environmental impacts.

### Value for Money and broader benefits to the Australian economy

10.30. In addition to the considerations at paragraph 4.4, for procurements above \$4 million, Commonwealth officials are required to consider the economic benefit of the procurement to the Australian economy

10.31. The policy operates within the context of relevant national and international agreements and procurement policies to which Australia is a signatory, including free trade agreements and the Australia and New Zealand Government Procurement Agreement.

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2017-18**

Finance Portfolio  
24-25 May 2017

**Department/Agency:** Finance  
**Outcome/Program:** 2/2.5  
**Topic:** Australian made copy-paper

**Senator:** Carr  
**Question reference number:** F98  
**Type of question:** Written  
**Date set by the committee for the return of answer:** Friday, 7 July 2017

**Number of pages:** 12

**Question:**

For each Australian Government department and/or government agency, can the Department of Finance please provide an updated breakdown of the percentage of Australian made copy paper purchased in the 2016-17 financial year to date. Please include information on volumes, a breakdown of country of origin, the supplier and the percentage of recycled content.

In addition, what was the total percentage of Australian made copy paper purchased by the Australian Government in the 2016-17 financial year to date?

**Answer:**

Please see [Attachment A](#) for the updated breakdown of the percentage of Australian made A4 80gsm White General Use Office copy paper purchased in the 2016-17 financial year to 30 April 2017.

The percentages of Australian made copy paper are set out in the following table, based on both spend and volume.

<b>Australian Made A4 80gsm White General Use Office Copy Paper FY 16/17 up to 30 April 2017</b>	
<b>Spend</b>	<b>Percentage of WoAG</b>
\$3,636,260.49	62%
<b>Volume</b>	<b>Percentage of WoAG</b>
778,456	63%

Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Government Entity	Volume %	Country of Origin	Supplier	Paper Type	Recycled %	Australian Made %
Administrative Appeals Tribunal	1.8%	Australia	Staples	100% Recycled	61.8%	47.1%
	6.6%	Australia	Staples	50% Recycled		
	0.5%	Australia	Staples	Carbon Neutral - 20% Recycled		
	13.6%	Australia	Staples	Carbon Neutral - Virgin		
	24.6%	Australia	Staples	Virgin		
	52.9%	Austria	OfficeMax	100% Recycled		
Attorney-General's Department	60.9%	Australia	Staples	100% Recycled	91.2%	100.0%
	0.2%	Australia	Staples	50% Recycled		
	30.1%	Australia	Staples	Carbon Neutral - 20% Recycled		
	4.9%	Australia	Staples	Carbon Neutral - Virgin		
	3.8%	Australia	Staples	Virgin		
	5.1%	Australia	OfficeMax	80% Recycled	86.2%	5.1%
Australian Aged Care Quality Agency	11.3%	Austria	OfficeMax	Virgin		
	19.0%	Indonesia	OfficeMax	100% Recycled		
	16.4%	Indonesia	OfficeMax	100% Recycled		
	45.6%	Indonesia	OfficeMax	50% Recycled		
	2.6%	Indonesia	OfficeMax	Virgin		
	34.8%	Austria	OfficeMax	100% Recycled	90.0%	0.0%
Australian Bureau of Statistics	0.5%	Austria	OfficeMax	Virgin		
	2.0%	Indonesia	OfficeMax	100% Recycled		
	43.8%	Indonesia	OfficeMax	100% Recycled		
	9.4%	Indonesia	OfficeMax	50% Recycled		
	4.1%	Indonesia	OfficeMax	Carbon Neutral - Virgin		
	5.4%	Indonesia	OfficeMax	Virgin		
Australian Centre for International Agricultural Research	69.4%	Indonesia	OfficeMax	50% Recycled	69.4%	0.0%
	30.6%	Indonesia	OfficeMax	Virgin		
Australian Commission for Law Enforcement Integrity	10.7%	Australia	Staples	100% Recycled	10.7%	100.0%
	89.3%	Australia	Staples	Virgin		
Australian Communications and Media Authority	100.0%	Austria	OfficeMax	100% Recycled	100.0%	0.0%
	39.8%	Austria	COS	100% Recycled	70.8%	0.0%
Australian Competition and Consumer Commission	9.2%	Austria	OfficeMax	100% Recycled		
	6.5%	Indonesia	OfficeMax	100% Recycled		
	13.7%	Indonesia	OfficeMax	100% Recycled		
	1.6%	Indonesia	OfficeMax	50% Recycled		
	29.2%	Indonesia	OfficeMax	Virgin		

Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Australian Crime Commission	11.6%	Austria	OfficeMax	Virgin	84.9%	0.0%
	84.9%	Indonesia	OfficeMax	50% Recycled		
	3.5%	Indonesia	OfficeMax	Virgin		
Australian Criminal Intelligence Commission	2.1%	Australia	OfficeMax	Carbon Neutral - Virgin	81.4%	2.1%
	7.7%	Austria	OfficeMax	Virgin		
	7.0%	Indonesia	OfficeMax	100% Recycled		
	74.4%	Indonesia	OfficeMax	50% Recycled		
	8.8%	Indonesia	OfficeMax	Virgin		
Australian Digital Health Agency	71.4%	Australia	Staples	Carbon Neutral - 20% Recycled	76.8%	94.6%
	23.2%	Australia	Staples	Carbon Neutral - Virgin		
	5.4%	Austria	Staples	Carbon Neutral - 20% Recycled		
Australian Electoral Commission	2.4%	Australia	Staples	100% Recycled	62.0%	100.0%
	59.7%	Australia	Staples	Carbon Neutral - 20% Recycled		
	4.9%	Australia	Staples	Carbon Neutral - Virgin		
	33.1%	Australia	Staples	Virgin		
Australian Federal Police	31.3%	Australia	OfficeMax	100% Recycled	37.0%	34.6%
	0.3%	Australia	OfficeMax	80% Recycled		
	1.0%	Australia	OfficeMax	Carbon Neutral - Virgin		
	2.0%	Australia	OfficeMax	Virgin		
	18.5%	Austria	OfficeMax	Virgin		
	1.1%	Indonesia	OfficeMax	100% Recycled		
	4.4%	Indonesia	OfficeMax	50% Recycled		
	41.5%	Indonesia	OfficeMax	Carbon Neutral - Virgin		
Australian Film, Television and Radio School	100.0%	Brazil	COS	Carbon Neutral - Virgin	0.0%	0.0%
Australian Financial Security Authority	84.5%	Austria	OfficeMax	100% Recycled	94.3%	0.0%
	1.9%	Indonesia	OfficeMax	100% Recycled		
	0.3%	Indonesia	OfficeMax	100% Recycled		
	7.6%	Indonesia	OfficeMax	50% Recycled		
	5.7%	Indonesia	OfficeMax	Virgin		
Australian Fisheries Management Authority	3.8%	Austria	COS	100% Recycled	70.9%	0.0%
	7.0%	Indonesia	OfficeMax	100% Recycled		
	60.1%	Indonesia	OfficeMax	100% Recycled		
	29.1%	Indonesia	OfficeMax	Virgin		
Australian Government Solicitor	1.9%	Australia	Staples	100% Recycled	11.6%	100.0%
	9.8%	Australia	Staples	Carbon Neutral - 20% Recycled		
	31.4%	Australia	Staples	Carbon Neutral - Virgin		
	57.0%	Australia	Staples	Virgin		

Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Australian Hearing Services	1.8% Australia	OfficeMax	10% Recycled	51.5%	20.9%
	0.4% Australia	OfficeMax	100% Recycled		
	1.2% Australia	OfficeMax	Carbon Neutral - 50% Recycled		
	7.7% Australia	OfficeMax	Carbon Neutral - Virgin		
	9.7% Australia	OfficeMax	Virgin		
	7.5% Austria	OfficeMax	100% Recycled		
	20.6% Austria	OfficeMax	Virgin		
	13.2% Indonesia	OfficeMax	100% Recycled		
	27.3% Indonesia	OfficeMax	50% Recycled		
	9.7% Indonesia	OfficeMax	Carbon Neutral - Virgin		
	0.7% Thailand	OfficeMax	Virgin		
Australian Human Rights Commission	30.2% Australia	Staples	100% Recycled	100.0%	100.0%
	59.3% Australia	Staples	50% Recycled		
	10.6% Australia	Staples	Carbon Neutral - 20% Recycled		
Australian Institute of Family Studies	8.4% Australia	Staples	100% Recycled	8.4%	100.0%
	91.6% Australia	Staples	Virgin		
Australian National Audit Office	9.8% Australia	COS	80% Recycled	80.4%	90.2%
	60.8% Australia	Staples	100% Recycled		
	19.6% Australia	Staples	Virgin		
	9.8% Austria	COS	100% Recycled		
Australian National University	0.3% Australia	OfficeMax	10% Recycled	31.5%	3.2%
	1.1% Australia	OfficeMax	100% Recycled		
	0.3% Australia	OfficeMax	80% Recycled		
	0.5% Australia	OfficeMax	Carbon Neutral - 50% Recycled		
	1.0% Australia	OfficeMax	Virgin		
	0.1% Austria	OfficeMax	100% Recycled		
	9.4% Austria	OfficeMax	Virgin		
	8.1% Indonesia	OfficeMax	100% Recycled		
	21.1% Indonesia	OfficeMax	50% Recycled		
	58.1% Indonesia	OfficeMax	Carbon Neutral - Virgin		
Australian Nuclear Science and Technology Organisation	0.1% Australia	Staples	10% Recycled	53.2%	99.9%
	9.9% Australia	Staples	100% Recycled		
	6.8% Australia	Staples	50% Recycled		
	36.4% Australia	Staples	Carbon Neutral - 20% Recycled		
	26.3% Australia	Staples	Carbon Neutral - Virgin		
	20.4% Australia	Staples	Virgin		
	0.1% Austria	Staples	100% Recycled		
Australian Office of Financial Management	20.7% Indonesia	OfficeMax	100% Recycled	20.7%	0.0%
	79.3% Indonesia	OfficeMax	Virgin		



Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Australian Pesticides and Veterinary Medicines Authority	95.4% Austria	OfficeMax	100% Recycled	100.0%	0.0%
Australian Prudential Regulation Authority	4.6% Indonesia	OfficeMax	100% Recycled		
	97.6% Australia	Staples	Carbon Neutral - 20% Recycled	97.6%	100.0%
	2.4% Australia	Staples	Virgin		
Australian Public Service Commission	23.3% Australia	Staples	100% Recycled	50.9%	76.7%
	4.2% Australia	Staples	50% Recycled		
	31.7% Australia	Staples	Carbon Neutral - Virgin		
	17.4% Australia	Staples	Virgin		
	5.9% Austria	COS	100% Recycled		
	17.4% Austria	Staples	100% Recycled		
Australian Radiation Protection and Nuclear Safety Agency	4.0% Australia	COS	100% Recycled	4.0%	4.0%
	85.3% Brazil	COS	Carbon Neutral - Virgin		
	0.7% Brazil	COS	Virgin		
	10.0% Thailand	COS	Virgin		
Australian Research Council	8.2% Australia	COS	100% Recycled	69.8%	32.6%
	24.5% Australia	COS	80% Recycled		
	23.9% Austria	COS	100% Recycled		
	29.2% Brazil	COS	Carbon Neutral - Virgin		
	13.3% Indonesia	OfficeMax	100% Recycled		
	0.6% Indonesia	OfficeMax	Virgin		
	0.3% Thailand	COS	Virgin		
Australian Securities and Investments Commission	91.4% Australia	Staples	100% Recycled	91.4%	100.0%
	8.6% Australia	Staples	Virgin		
Australian Security Intelligence Organisation	96.2% Australia	Staples	Carbon Neutral - 20% Recycled	96.2%	100.0%
	3.8% Australia	Staples	Virgin		
Australian Skills Quality Authority	22.9% Australia	OfficeMax	Virgin	12.2%	22.9%
	24.4% Austria	OfficeMax	Virgin		
	7.5% Indonesia	OfficeMax	100% Recycled		
	4.7% Indonesia	OfficeMax	50% Recycled		
	34.2% Indonesia	OfficeMax	Carbon Neutral - Virgin		
	6.3% Indonesia	OfficeMax	Virgin		
Australian Sports Anti-Doping Authority	85.5% Austria	COS	100% Recycled	85.5%	0.0%
	7.9% Brazil	COS	Carbon Neutral - Virgin		
	6.6% Brazil	COS	Virgin		
Australian Taxation Office	98.4% Austria	COS	100% Recycled	98.4%	0.0%
	0.4% Brazil	COS	Carbon Neutral - Virgin		
	1.2% Thailand	COS	Virgin		
Australian Trade and Investment Commission	5.7% Australia	Staples	100% Recycled	100.0%	100.0%
	85.2% Australia	Staples	50% Recycled		
	9.0% Australia	Staples	Carbon Neutral - 20% Recycled		

Australian Transaction Reports and Analysis Centre	1.6% Austria	OfficeMax	Virgin	78.9%	0.0%
	60.5% Indonesia	OfficeMax	100% Recycled		
	18.4% Indonesia	OfficeMax	50% Recycled		
	19.5% Indonesia	OfficeMax	Carbon Neutral - Virgin		
Australian Transport Safety Bureau	91.6% Austria	COS	100% Recycled	91.6%	0.0%
	8.4% Brazil	COS	Carbon Neutral - Virgin		
Bureau of Meteorology	4.2% Australia	COS	100% Recycled	98.1%	4.2%
	93.9% Austria	COS	100% Recycled		
	1.0% Brazil	COS	Carbon Neutral - Virgin		
	1.0% Brazil	COS	Virgin		
Cancer Australia	100.0% Australia	Staples	100% Recycled	100.0%	100.0%
Civil Aviation Safety Authority	3.4% Australia	Staples	100% Recycled	84.6%	100.0%
	63.9% Australia	Staples	50% Recycled		
	17.3% Australia	Staples	Carbon Neutral - 20% Recycled		
	12.8% Australia	Staples	Carbon Neutral - Virgin		
	2.7% Australia	Staples	Virgin		
Clean Energy Regulator	87.8% Austria	COS	100% Recycled	87.8%	0.0%
	12.2% Thailand	COS	Virgin		
Climate Change Authority	100.0% Australia	Staples	50% Recycled	100.0%	100.0%
Comcare	1.4% Indonesia	OfficeMax	100% Recycled	99.1%	0.0%
	97.7% Indonesia	OfficeMax	50% Recycled		
	0.9% Indonesia	OfficeMax	Carbon Neutral - Virgin		
Commonwealth Grants Commission	100.0% Austria	COS	100% Recycled	100.0%	0.0%
Commonwealth Superannuation Corporation	100.0% Austria	COS	100% Recycled	100.0%	0.0%
CrimTrac Agency	100.0% Austria	COS	100% Recycled	100.0%	0.0%
Defence Housing Australia	34.5% Australia	COS	100% Recycled	57.1%	56.5%
	22.0% Australia	COS	80% Recycled		
	0.5% Austria	COS	100% Recycled		
	35.9% Brazil	COS	Carbon Neutral - Virgin		
	4.3% Brazil	COS	Virgin		
	2.7% Thailand	COS	Virgin		
Department of Agriculture and Water Resources	0.5% Australia	OfficeMax	10% Recycled	87.0%	45.5%
	23.8% Australia	OfficeMax	100% Recycled		
	7.4% Australia	OfficeMax	80% Recycled		
	1.0% Australia	OfficeMax	Carbon Neutral - 50% Recycled		
	6.8% Australia	OfficeMax	Carbon Neutral - Virgin		
	6.1% Australia	OfficeMax	Virgin		
	8.3% Austria	OfficeMax	100% Recycled		
	46.2% Indonesia	OfficeMax	100% Recycled		

Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Department of Communication and the Arts	85.9%	Brazil	COS	Carbon Neutral - Virgin	0.0%	0.0%
	14.1%	Thailand	COS	Virgin		
Department of Defence	37.2%	Australia	Staples	100% Recycled	92.1%	100.0%
	54.4%	Australia	Staples	50% Recycled		
	0.4%	Australia	Staples	Carbon Neutral - 20% Recycled		
	7.9%	Australia	Staples	Carbon Neutral - Virgin		
	0.0%	Australia	Staples	Virgin		
Department of Education and Training	1.4%	Australia	OfficeMax	100% Recycled	87.3%	2.9%
	0.6%	Australia	OfficeMax	Carbon Neutral - Virgin		
	0.9%	Australia	OfficeMax	Virgin		
	2.2%	Austria	OfficeMax	Virgin		
	13.0%	Indonesia	OfficeMax	100% Recycled		
	0.9%	Indonesia	OfficeMax	100% Recycled		
	72.0%	Indonesia	OfficeMax	50% Recycled		
	0.9%	Indonesia	OfficeMax	Virgin		
	8.1%	Thailand	OfficeMax	Virgin		
Department of Employment	2.4%	Australia	OfficeMax	10% Recycled	84.1%	8.2%
	4.8%	Australia	OfficeMax	100% Recycled		
	1.0%	Australia	OfficeMax	Virgin		
	12.1%	Austria	OfficeMax	Virgin		
	35.8%	Indonesia	OfficeMax	100% Recycled		
	1.1%	Indonesia	OfficeMax	100% Recycled		
	40.0%	Indonesia	OfficeMax	50% Recycled		
	2.9%	Indonesia	OfficeMax	Virgin		
Department of Finance	19.9%	Australia	Staples	100% Recycled	90.8%	19.9%
	4.6%	Austria	OfficeMax	100% Recycled		
	0.9%	Austria	OfficeMax	Virgin		
	36.9%	Indonesia	OfficeMax	100% Recycled		
	14.6%	Indonesia	OfficeMax	100% Recycled		
	14.8%	Indonesia	OfficeMax	50% Recycled		
	8.2%	Indonesia	OfficeMax	Virgin		
	0.1%	Thailand	OfficeMax	Virgin		
Department of Foreign Affairs and Trade	0.3%	Australia	OfficeMax	Carbon Neutral - 50% Recycled	99.6%	0.5%
	0.1%	Australia	OfficeMax	Carbon Neutral - Virgin		
	0.1%	Australia	OfficeMax	Virgin		
	5.7%	Austria	OfficeMax	100% Recycled		
	0.1%	Austria	OfficeMax	Virgin		
	89.7%	Indonesia	OfficeMax	100% Recycled		
	3.9%	Indonesia	OfficeMax	50% Recycled		
	0.0%	Indonesia	OfficeMax	Virgin		

Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Department of Health	85.6%	Australia	OfficeMax	100% Recycled	98.6%	85.6%
	8.9%	Austria	OfficeMax	100% Recycled		
	2.2%	Indonesia	OfficeMax	100% Recycled		
	1.9%	Indonesia	OfficeMax	50% Recycled		
	1.4%	Indonesia	OfficeMax	Virgin		
Department of Human Services	0.1%	Australia	Staples	10% Recycled	60.4%	94.4%
	4.9%	Australia	Staples	100% Recycled		
	22.6%	Australia	Staples	50% Recycled		
	0.5%	Australia	Staples	80% Recycled		
	26.8%	Australia	Staples	Carbon Neutral - 20% Recycled		
	14.2%	Australia	Staples	Carbon Neutral - Virgin		
	25.4%	Australia	Staples	Virgin		
	5.6%	Austria	Staples	100% Recycled		
Department of Immigration and Border Protection	2.1%	Australia	COS	100% Recycled	64.0%	2.7%
	0.5%	Australia	COS	80% Recycled		
	0.0%	Australia	COS	Virgin		
	61.3%	Austria	COS	100% Recycled		
	22.1%	Brazil	COS	Carbon Neutral - Virgin		
	13.9%	Thailand	COS	Virgin		
Department of Industry, Innovation and Science	19.9%	Australia	COS	100% Recycled	100.0%	31.1%
	0.2%	Australia	COS	80% Recycled		
	11.0%	Australia	Staples	100% Recycled		
	68.9%	Austria	COS	100% Recycled		
Department of Infrastructure and Regional Development	0.8%	Australia	OfficeMax	10% Recycled	7.6%	93.8%
	1.1%	Australia	OfficeMax	100% Recycled		
	91.9%	Australia	OfficeMax	Carbon Neutral - Virgin		
	0.2%	Austria	OfficeMax	100% Recycled		
	0.4%	Austria	OfficeMax	Virgin		
	3.9%	Indonesia	OfficeMax	100% Recycled		
	1.6%	Indonesia	OfficeMax	50% Recycled		
Department of Parliamentary Services	0.1%	Australia	Staples	50% Recycled	0.1%	100.0%
	99.9%	Australia	Staples	Carbon Neutral - Virgin		
Department of Social Services	100.0%	Australia	Staples	100% Recycled	100.0%	100.0%
Department of the Environment and Energy	12.8%	Australia	OfficeMax	100% Recycled	98.7%	12.8%
	4.2%	Austria	COS	100% Recycled		
	0.8%	Brazil	COS	Carbon Neutral - Virgin		
	79.9%	Indonesia	OfficeMax	100% Recycled		
	1.7%	Indonesia	OfficeMax	50% Recycled		
	0.5%	Thailand	COS	Virgin		

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Department of the House of Representatives	100.0%	Australia	Staples	Carbon Neutral - 20% Recycled	100.0%	100.0%
Department of the Prime Minister and Cabinet						
	2.4%	Australia	COS	100% Recycled	89.8%	2.6%
	0.2%	Australia	COS	80% Recycled		
	8.3%	Austria	Staples	Virgin		
	87.3%	Thailand	COS	100% Recycled		
	1.9%	Thailand	COS	Virgin		
Department of the Senate						
	5.8%	Australia	Staples	100% Recycled	99.7%	6.4%
	0.2%	Australia	Staples	50% Recycled		
	0.1%	Australia	Staples	80% Recycled		
	0.1%	Australia	Staples	Carbon Neutral - Virgin		
	0.2%	Australia	Staples	Virgin		
	93.6%	Austria	Staples	100% Recycled		
	0.0%	Thailand	Staples	Virgin		
Department of the Treasury						
	6.7%	Australia	COS	100% Recycled	53.4%	29.9%
	23.2%	Australia	COS	80% Recycled		
	23.5%	Austria	COS	100% Recycled		
	46.6%	Brazil	COS	Carbon Neutral - Virgin		
Department of Veterans' Affairs						
	9.7%	Australia	Staples	100% Recycled	91.6%	23.6%
	3.4%	Australia	Staples	50% Recycled		
	0.0%	Australia	Staples	80% Recycled		
	2.0%	Australia	Staples	Carbon Neutral - 20% Recycled		
	0.3%	Australia	Staples	Carbon Neutral - Virgin		
	8.2%	Australia	Staples	Virgin		
	76.4%	Austria	Staples	100% Recycled		
Digital Transformation Office	100.0%	Brazil	COS	Carbon Neutral - Virgin	0.0%	0.0%
Fair Work Commission						
	87.9%	Austria	COS	100% Recycled	87.9%	0.0%
	5.5%	Brazil	COS	Carbon Neutral - Virgin		
	6.5%	Thailand	COS	Virgin		
Federal Court of Australia						
	7.9%	Australia	Staples	100% Recycled	86.0%	99.9%
	57.7%	Australia	Staples	50% Recycled		
	20.3%	Australia	Staples	Carbon Neutral - 20% Recycled		
	7.7%	Australia	Staples	Carbon Neutral - Virgin		
	6.4%	Australia	Staples	Virgin		
	0.1%	Austria	Staples	100% Recycled		
Food Standards Australia New Zealand	100.0%	Brazil	COS	Carbon Neutral - Virgin	0.0%	0.0%
Future Fund Management Agency						
	100.0%	Australia	Staples	Carbon Neutral - Virgin	0.0%	100.0%
Geoscience Australia						
	100.0%	Austria	COS	100% Recycled	100.0%	0.0%
Great Barrier Reef Marine Park Authority						
	98.3%	Australia	Staples	100% Recycled	100.0%	99.7%
	1.3%	Australia	Staples	Carbon Neutral - 20% Recycled		
	0.3%	Indonesia	OfficeMax	100% Recycled		

Inspector-General of Taxation	100.0%	Austria	COS	100% Recycled	100.0%	0.0%
IP Australia	98.1%	Australia	Staples	100% Recycled	99.8%	100.0%
	0.3%	Australia	Staples	50% Recycled		
	1.5%	Australia	Staples	Carbon Neutral - 20% Recycled		
	0.2%	Australia	Staples	Carbon Neutral - Virgin		
Ministerial and Parliamentary Services	0.1%	Australia	OfficeMax	10% Recycled	21.3%	50.4%
	5.6%	Australia	OfficeMax	100% Recycled		
	6.1%	Australia	OfficeMax	Carbon Neutral - 50% Recycled		
	26.3%	Australia	OfficeMax	Carbon Neutral - Virgin		
	12.3%	Australia	OfficeMax	Virgin		
	0.7%	Austria	OfficeMax	100% Recycled		
	15.0%	Austria	OfficeMax	Virgin		
	7.8%	Indonesia	OfficeMax	100% Recycled		
	0.3%	Indonesia	OfficeMax	100% Recycled		
	0.7%	Indonesia	OfficeMax	50% Recycled		
	24.2%	Indonesia	OfficeMax	Carbon Neutral - Virgin		
	0.9%	Indonesia	OfficeMax	Virgin		
	0.1%	Thailand	OfficeMax	Virgin		
Murray-Darling Basin Authority	100.0%	Australia	COS	100% Recycled	100.0%	0.0%
National Archives of Australia	100.0%	Australia	Staples	100% Recycled	100.0%	100.0%
National Blood Authority	100.0%	Australia	Staples	100% Recycled	100.0%	100.0%
National Capital Authority	89.6%	Indonesia	OfficeMax	100% Recycled	100.0%	0.0%
	10.4%	Indonesia	OfficeMax	50% Recycled		
National Disability Insurance Scheme Launch Transition Agency	1.8%	Australia	Staples	50% Recycled	89.2%	99.9%
	87.3%	Australia	Staples	Carbon Neutral - 20% Recycled		
	9.4%	Australia	Staples	Carbon Neutral - Virgin		
	1.4%	Australia	Staples	Virgin		
	0.1%	Austria	Staples	100% Recycled		
National Health and Medical Research Council	85.6%	Australia	Staples	100% Recycled	85.6%	100.0%
	14.4%	Australia	Staples	Virgin		
National Library of Australia	71.7%	Austria	COS	100% Recycled	71.7%	0.0%
	28.3%	Brazil	COS	Virgin		
National Mental Health Commission	100.0%	Thailand	COS	Virgin	0.0%	0.0%
National Offshore Petroleum Safety and Environmental Management Authority	32.9%	Australia	Staples	100% Recycled	100.0%	100.0%
	46.6%	Australia	Staples	80% Recycled		
	20.5%	Australia	Staples	Carbon Neutral - 20% Recycled		
Office of National Assessments	100.0%	Australia	OfficeMax	100% Recycled	100.0%	100.0%
Office of Parliamentary Counsel	98.4%	Australia	Staples	100% Recycled	98.4%	100.0%
	1.6%	Australia	Staples	Virgin		
Office of the Australian Accounting Standards Board	100.0%	Austria	COS	100% Recycled	100.0%	0.0%

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Office of the Australian Information Commissioner	78.6% Australia	Staples	50% Recycled	100.0%	100.0%
	21.4% Australia	Staples	Carbon Neutral - 20% Recycled		
Office of the Commonwealth Ombudsman	4.9% Australia	Staples	100% Recycled	95.1%	100.0%
	90.1% Australia	Staples	Carbon Neutral - 20% Recycled		
	4.9% Australia	Staples	Virgin		
Office of the Director of Public Prosecutions	30.2% Indonesia	OfficeMax	100% Recycled	87.8%	0.0%
	57.6% Indonesia	OfficeMax	50% Recycled		
	12.2% Indonesia	OfficeMax	Virgin		
Office of the Fair Work Building Industry Inspectorate	14.1% Australia	OfficeMax	10% Recycled	43.7%	52.1%
	38.0% Australia	OfficeMax	Virgin		
	1.9% Austria	OfficeMax	Virgin		
	12.2% Indonesia	OfficeMax	100% Recycled		
	17.4% Indonesia	OfficeMax	50% Recycled		
	16.4% Indonesia	OfficeMax	Carbon Neutral - Virgin		
Office of the Fair Work Ombudsman	3.5% Australia	OfficeMax	10% Recycled	69.2%	9.1%
	1.9% Australia	OfficeMax	100% Recycled		
	3.8% Australia	OfficeMax	80% Recycled		
	0.8% Austria	OfficeMax	Virgin		
	14.0% Indonesia	OfficeMax	100% Recycled		
	46.0% Indonesia	OfficeMax	50% Recycled		
	30.1% Indonesia	OfficeMax	Carbon Neutral - Virgin		
Office of the Inspector General of Intelligence and Security	100.0% Austria	OfficeMax	100% Recycled	100.0%	0.0%
Office of the Official Secretary of the Governor-General	55.2% Austria	COS	100% Recycled	55.2%	0.0%
	44.8% Brazil	COS	Carbon Neutral - Virgin		
Old Parliament House	94.4% Austria	OfficeMax	Virgin	0.0%	0.0%
	5.6% Indonesia	OfficeMax	Virgin		
Organ and Tissue Authority	100.0% Indonesia	OfficeMax	100% Recycled	100.0%	0.0%
Parliamentary Budget Office	100.0% Australia	Staples	100% Recycled	100.0%	100.0%
Productivity Commission	56.7% Australia	COS	80% Recycled	100.0%	56.7%
	43.3% Austria	COS	100% Recycled		
Professional Services Review Scheme	100.0% Indonesia	OfficeMax	100% Recycled	100.0%	0.0%
Reserve Bank of Australia	1.7% Australia	Staples	100% Recycled	66.7%	100.0%
	25.6% Australia	Staples	50% Recycled		
	39.4% Australia	Staples	Carbon Neutral - 20% Recycled		
	1.7% Australia	Staples	Carbon Neutral - Virgin		
	31.5% Australia	Staples	Virgin		
Royal Australian Mint	99.4% Australia	Staples	100% Recycled	99.4%	100.0%
	0.6% Australia	Staples	Carbon Neutral - Virgin		

## Attachment A - Purchasing of A4 80gsm White Copy Paper by Australian Government Entities - FY 16/17 up to 30 April 2017

Safe Work Australia	14.6%	Indonesia	OfficeMax	100% Recycled	43.9%	0.0%
	29.3%	Indonesia	OfficeMax	50% Recycled		
	56.1%	Indonesia	OfficeMax	Carbon Neutral - Virgin		
Tertiary Education Quality and Standards Agency	100.0%	Brazil	COS	Carbon Neutral - Virgin	0.0%	0.0%
Workplace Gender Equality Agency	69.0%	Indonesia	OfficeMax	50% Recycled	69.0%	0.0%
	31.0%	Indonesia	OfficeMax	Carbon Neutral - Virgin		



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