

**Senate Select Committee on Electric Vehicles**  
**Questions on Notice**  
**Melbourne public hearing (Friday 31 August 2018)**

**Questions from Hansard –ACTU**

Question No.	Asked by	Question
1.	Senator David Smith (pp. 48–49)	<p><b>Senator DAVID SMITH:</b> I feel like I should ask my namesake a question! It's probably an obvious question, but there've been a number of submissions from a number of different bodies—the ACT government and a couple of local governmental organisations—that are looking at increasing the uptake of EVs. But one of the issues that seems to be quite disconnected is around how you connect that with local content, whether that be design, engineering or manufacture. If we're looking at state, territory and federal governments looking at their fleets, for example, and at the charging infrastructure that goes with that, what would the position of the unions be on waiting for the local content and local manufacturing in terms of an approach to both procuring the infrastructure for charging EVs and looking at converting government fleets, for example, to EV fleets?</p> <p><b>Mr McCallum:</b> Great question—thanks very much, Senator. I think it's fair to say that good procurement policy is of the utmost importance. When I say 'procurement policy', I mean at several levels of government. There have been new procurement frameworks implemented in a number of state jurisdiction levels over the last 18 months—in Queensland, Victoria, ACT and WA. Most of those have been broadly aimed at delivering more job opportunities for local businesses and improving the number and quality of jobs that are available as a direct consequence of government expenditure.</p> <p>I think the federal budget is worth a tick over \$450 billion. The direct contractual procurement element of that is a significant bite—at over \$50 billion worth. That's \$50 billion worth of taxpayers' money that, if spent correctly, not only will stimulate the economy broadly but can provide good, decent, secure jobs. So when it comes to procurement and what kind of matters should be taken into consideration</p>

		<p>by governments that are making procurement decisions—and we're happy to provide our procurement policy on notice after today's hearing—absolutely that should take into consideration a broad range of matters that look at not just the cheapest cost but the broader economic and social benefits. That does include making sure that there are local content targets and includes looking at the quality of jobs that are coming out and what kind of other issues there are—such as environmental, industrial, OH&amp;S records and corporate tax records for large and major companies that might be getting government contracts. All of these things, when added up and done correctly, can deliver a really good outcome on behalf of taxpayers' dollars when it comes to procurement. I think that when it comes to the electric vehicle industry, or a potential electric vehicle manufacturing industry, in Australia getting the procurement policy settings right will be of critical importance.</p>
2.	Senator Carr (p. 50)	<p><b>Senator KIM CARR:</b> On the question of regulation, Woolworths have a plan to change the regulation in regard to vehicle weight for electric vehicles. They're suggesting that we should support changes to the regulations so that trucks can be driven by people with a normal car licence. At the moment the weights, because of the batteries, are over their current arrangements. What's the ACTU's view on that matter?</p> <p><b>Mr McCallum:</b> We're unaware of the Woolworths proposal. We'd have to look at that in detail. Suffice it to say that, with any changes like that, the impacts from a safety point of view would need to be wholly understood to a detailed level. We would certainly need to look at it in great detail. I'd be happy to take this question on notice and come back with a more fulsome detailed answer after consulting some of our affiliates in the automotive industry.</p> <p><b>Senator KIM CARR:</b> Thank you, because it's important for our report. If you could come back with some sort of assessment—</p> <p><b>Mr McCallum:</b> Absolutely.</p> <p><b>Senator KIM CARR:</b> Look at the evidence that has been presented. Perhaps the secretariat could direct you to the Australian Logistics Council's evidence presented this morning. I think there have been a couple of propositions put forward.</p>

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## Response to Question 1

Good government procurement has enormous potential to support local industry and create local jobs.

We are concerned governments' narrow focus on cheapest price rather than the broader economic benefits of procurement, and the current government's agenda to attack procurement policies that support local business, is disadvantaging local industry, costing jobs and resulting in exploitation of workers and breaches of industrial, superannuation and taxation law. Even worse, this attitude squanders the opportunity to use government expenditure of taxpayer's money to actually raise standards for Australian workers.

The future of Australian industry requires government procurement that supports local content and local jobs. The Government must use their procurement decisions, and other contractual arrangements with the private sector (such as grants), to achieve broader policy objectives and support local industry and employment. Governments across Australia should make a clear policy statement that it commits to use its economic resources and spending power to reinforce rising wages and stronger labour standards across Australia's economy.

To maximise the benefit to Australia and Australian working people from government procurement and to achieve a greatest value system, a three-pronged approach must be mandatorily applied. This approach includes 1) Robust conditions of participation with a focus on ethical procurement and labour standards; 2) Full, fair and reasonable access; and 3) A clear and transparent assessment that delivers local benefits.

The Governments Commonwealth Procurement Rules must be rewritten to explicitly require government entities and procurement officers to preference local suppliers, manufacturers and service providers. The Rules should require governments to take into account factors such as the proportion of Aboriginal and Torres Strait Islander (ATSI) employees, OHS records, corporate tax and industrial records, length and transparency of supply chains, the gender pay gap, various workplace factors (such as Health and Safety Representatives, registered agreements etc), environmental outcomes, secure jobs, regional renewal and minimum numbers of apprentices when choosing a supplier. The rules must be required to be applied in a manner that consistently and correctly ensures overall economic benefits from tenders are considered when assessing value for money, rather than just an assessment of the cheapest cost.

To facilitate this, when opening public procurement contracts (above a certain threshold) to bid by private and non-profit suppliers, governments should require in advance a full and transparent reporting by prospective suppliers regarding their adherence to minimum or better labour standards (including the principle of paying at least living wages), and the nature of their own sub-contracting and supply chain relationships with other suppliers.

Prospective suppliers which successfully complete this prequalification process would then be entitled to bid on upcoming contracts. In this regard, government would simply be requiring from its own top-tier suppliers a commitment to transparency and reporting no more onerous than is already imposed by leading private companies (including retail, mining, and security firms) through their own supply chain regulations. The pre-qualification process would need to be

renewed every five years – sooner in the event that a contractor to government (or one of its own suppliers) is found to have significantly breached minimum labour standards.

A coordinated effort must be made to maximise the employment and technological spillovers from defence procurement. This must include specific mandated targets and timelines for domestic content in input purchases and final assembly.

## **Response to Question 2**

On the question of regulation, Woolworths have a plan to change the regulation in regard to vehicle weight for electric vehicles. They're suggesting that we should support changes to the regulations so that trucks can be driven by people with a normal car licence. At the moment the weights, because of the batteries, are over their current arrangements. What's the ACTU's view on that matter?

Australian unions categorically opposes any proposal to change heavy vehicle laws to allow people with car licences to drive trucks.

Driving a heavy vehicle is a profession and truck driving is the most dangerous industry in Australia. During the 12 months to the end of March 2018, 184 people were killed in 163 fatal crashes involving trucks.

The introduction of electric vehicles cannot be used as an excuse to drive down labour costs and undermine the safety and standards of the road transport industry.