

Ai GROUP OPENING STATEMENT – GOVERNMENT PROCUREMENT

Thank you Senators for having me here today to speak on behalf of Australian Industry Group's members. I would just like to make a brief opening statement.

Australian Industry Group believes governments should always adhere to established principles of best practice on all expenditure, and especially so now in the current fiscal environment.

Governments should have clear and transparent procurement processes. They should also take a long-term and holistic approach with an emphasis on 'value for money' over the whole life of a product or service.

Ai Group also believes all businesses should have full and fair access for the opportunity to supply the goods and services required by the public sector and for major projects undertaken within Australia.

However, as it stands, we believe a number of barriers and distortions exist that frustrate and impede the full and fair participation of Australian suppliers.

These barriers and distortions are exacerbating the intense competitive pressures currently being experienced by local, trade-exposed industries and particularly the manufacturing sector. These barriers are listed in our submission but a couple are worth highlighting.

One barrier often cited is the uneven weighting given to conformity with standards placed on local suppliers that are not applied to foreign suppliers.

Governments also tend to place an undue emphasis on upfront cost, rather than considering ongoing costs such as maintenance costs, where local providers have an advantage and better value for money can be reached.

Another is selection criteria (either implicit or explicit) that include a record of supply in other countries as demonstration of credentials. This favours offshore suppliers and is a particular barrier to emerging local businesses and domestic suppliers of innovative goods and services.

In defence procurement, where my background lies, tendering processes are often too complex, too costly and too time consuming for Australian industry Group member companies.

I will leave it there for now and am happy to take questions.