




Speech by

Jann Stuckey

MEMBER FOR CURRUMBIN

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QUEENSLAND INDUSTRY PARTICIPATION POLICY BILL

 **Mrs STUCKEY** (Currumbin—LNP) (8.19 pm): I rise to speak to the debate on the Queensland Industry Participation Policy Bill 2010 as the opposition shadow minister for small business and job creation. The bill was introduced into the House on 27 October 2010 by the Treasurer and Minister for Employment and Economic Development, the honourable member for Mount Coot-tha. I see the new Minister for Tourism, Manufacturing and Small Business now has carriage of this bill. Whilst I congratulate her on her appointment, and I sincerely do, I also commiserate with her for having this innocuous effort as her first bill.

I place on record from the start that I am a co-owner of a small business, a medical practice, in Coolangatta. I therefore understand the growing encumbrances being placed upon them that not only steal precious time but eat into bottom-line profit and therefore affect jobs. Devastating floods and cyclones across Queensland have belted numerous small and medium businesses hard. Sadly some will not recover and will have to close leaving heartache, debt and loss of jobs. Watching endless television footage at the beginning of the year, it really hit home how many regional towns rely on small business for so many items and services—literally for their daily bread. In the aftermath there is a chance for those wanting to restart to apply for loans, but there is still mountains of red tape to choke them as they try to rebuild their ravaged homes and uprooted lives. The struggle even to survive in businesses that many townsfolk have run for decades through the generations is more evident now. I would like to once again acknowledge the community spirit and the courage of people right across Queensland who have been affected by flood or cyclone in some way.

According to the explanatory notes, the objective of the bill is to maximise economic, employment, industry development and social benefits to Queensland of state government funded procurement by ensuring the high-level principle of developing, maintaining and implementing an industry participation policy is put into practice by all Queensland governments. This bill applies to GOCs and all government agencies, including special purpose companies established to deliver large or unique infrastructure projects. This bill also provides that a responsible minister must have an industry participation policy, known as the local industry policy.

With respect to a local industry policy, the bill requires the minister to have regard to the following broad objectives: maximising employment and business growth in Queensland by expanding market opportunities for local industry; providing agencies and GOCs with access to a wide range of capable local industry in Queensland that can deliver value for money; supporting regional and rural development in Queensland; developing local industry's long-term international competitiveness by giving local industry a fair opportunity to compete against foreign suppliers; promoting local industry's involvement in value-adding activities in Queensland; and driving technology transfer, research and development, innovation and improved productivity for local industry to enhance value for money.

The bill requires that local industry policy be consistent with the following principles: achieving value for money, ensuring probity and accountability for procurement outcomes and minimising compliance burden by avoiding unnecessary and excessive administration. When developing a local industry policy the minister must consult widely, including with agencies, GOCs, industry organisations and trade unions.

In relation to transparency and accountability, the bill requires that the local industry policy must be published on DEEDI's website; that the minister must report to parliament annually on the implementation of the local industry policy; and that the minister must table by November the report for the previous financial year.

Local industry is defined as Queensland and Australian small and medium sized enterprises, SMEs, in the manufacturing or service sector and New Zealand suppliers of goods or services. The local industry policy is administered by the Office of Advanced Manufacturing within DEEDI and implementation of the policy is monitored by the Manufacturing Leaders Group chaired by the minister. The minister reports to cabinet annually on the implementation of the policy. Central components of the local industry policy include a commitment to local industry being given full, fair and reasonable opportunity to tender for infrastructure and resource based project work; support for the use of Australian standards in project specifications; and support for the use of Australian design services where these are competitive with respect to cost, quality and timeliness.

The local industry policy applies to all government funded infrastructure and resource based projects with an estimated value greater than \$5 million; government funded infrastructure and resource based projects located in regional and rural Queensland with an estimated value greater than \$2.5 million; major infrastructure or resource based projects where the government has provided a significant contribution; and capital asset acquisitions, excluding ICT goods and services, valued at more than \$5 million per contract or standing offer arrangement.

With respect to each applicable project, the department must prepare a local industry participation plan, a LIPP; it must use local content as one of the general tender evaluation criteria; and it must report on the outcome of the LIPP. A LIPP provides a statement of a department's commitment to the local industry policy and identifies how a project can maximise local industry participation. LIPPs must be prepared during the program formulation phase of the capital works management process and be submitted to the chair of the local industry committee in DEEDI prior to the commencement of the procurement process. LIPPs must list competitive local suppliers that will be invited to tender and will detail the level of local industry participation expected in projects and address in quantifiable and qualitative terms the economic benefits that will flow to Queensland in industry development, technology transfer, job creation and skills development. Departments are required to submit reports on the outcome of each LIPP to the chair of the local industry committee on a six-monthly basis. Assistance in preparing LIPPs and identifying local industry capability can be obtained from the Industry Capability Network, which is fully funded by the state government.

Let me make it abundantly clear that the LNP wholeheartedly supports and embraces the objectives and principles that underpin a local industry policy. Reading through this bill, I found some nice sounding principles and objectives, but upon further inspection I noted that in reality they merely amount to broad statements that are open to interpretation. In effect, the bill achieves nothing. The requirement for the government to have a local industry policy is something that has existed anyway since 1999, or some 12 years ago for members who cannot add up. The objectives of this bill can be achieved through ministerial direction, which supposedly has occurred since 1999, or has it? The Treasurer was keen to report figures since the introduction of Queensland's local industry policy, stating in his second reading speech that our state's manufacturers have won 3,145 contestable contracts worth \$4.928 billion, with \$1.402 billion going to regional firms since the policy was introduced back in 1999. The Treasurer claims these are impressive figures. If that is the case, I wonder what percentage of contestable contracts these figures represent. Considering the length of time this policy has been active, I ask respectfully if the minister in her summation would be able to inform the House. It is all well and good having a local industry policy, but it needs to be enforced or it is just a bunch of well-meaning but ineffective statements.

The Treasurer's opening statement in his second reading speech reads—

The Queensland government committed in its response to the parliamentary Economic Development Committee report *Inquiry into identifying world's best practice by governments to effectively stimulate employment opportunities in Queensland* to review the local industry policy with a view to increasing its transparency and accountability to drive better outcomes for Queensland business.

This report was conducted in 2009 and attracted a number of criticisms relating to the enforcement of the implementation of the local industry policy. I have included a few of these from their report. The first one states—

Both Townsville Enterprise and the Ai Group believe that local industry policies that support local industry involvement in government purchasing projects, as well as encourage the dissemination of information to major companies and government agencies regarding local industry capability, are essential. These policies contribute to stimulating employment, maintaining a skilled labour force and ensuring local businesses are doing a percentage of the work.

Another point made was—

While the AMWU strongly supports the policy and the use of Local Industry Participation Plans, the union believes that the government at times has been inefficient in its implementation of the policy. The AMWU acknowledges the efforts of the Industry Capability Network (Queensland) and officers of DEEDI in their roles for developing Local Industry Participation Plans. However, the AMWU believes that government owned corporations and government agencies have on occasion failed to ensure that planning for local industry participation is incorporated in government procurement and investment.

The report states—

Although the only projects where Local Industry Participation Plans are required are those that utilise government funding over \$2.5 million in regional areas and \$5 million elsewhere in the state, the actual enforcement of this has been sporadic. On this basis, the AMWU recommended to the committee strengthening the Local Industry Policy to improve opportunities for local content in projects by updating the Local Industry Policy to clarify where it applies compulsorily. The AMWU also suggests that the Queensland Government consider developing and implementing an effective oversight process for Local Industry Participation Plans to investigate the application of the policy.

QMI Solutions comments that Local Industry Participation Plans are not designed to guarantee that local companies will receive work. Local businesses will be given equal opportunity to tender, but their success in tendering will be based on their merits and ability to compete.

I have heard that in some cases the government placed too many conditions on local companies compared to those overseas and it was not viable to compete for a tender. The report continues—

The AMWU also recommended amending the Local Industry Policy to include the development of detailed industry development plans for strategic government projects with a capital project value of \$50 million or more. This would be determined in consultation with the Industry Capability Network (Queensland) and Queensland Government. In addition, Local Industry Development Plans should be provided, replacing Local Industry Participation Plans for these projects.

The report further states—

Townsville Enterprise suggested that one way to increase local industry participation—

of course, that is if that is what the government really wants to do—

was for the Queensland Government to investigate and implement measures to reduce the bureaucracy surrounding the decision-making process.

The committee concluded—

The committee notes the concerns raised by several groups relating to ensuring that the aims of the Local Industry Policy are maintained. The Queensland Government should undertake a review to ensure that the processes for managing the Local Industry Policy ensure that its aims are met and that the process occurs in a timely manner.

The committee believes that a greater degree of scrutiny of Local Industry Participation Plans is required during periods of economic downturn, when Queensland employers are more reliant on government spending. When infrastructure spending is being used to avoid recession, greater attention should be placed on ensuring government moneys are resulting in employment outcomes for Queensland.

Perhaps we should add 'after natural disasters'. There are growing concerns that contracts for the rebuilding and recovery of affected towns and regions will not go to locals, in part because the skilled workforce is inadequate. Where are the monitoring or checking mechanisms to ensure compulsory enforcement? Quite simply, there aren't any. Recommendation 17 of the report makes interesting reading. It states—

The committee recommends the Queensland Government reviews the implementation of the Local Industry Policy with specific reference to ensuring the aims of the policy are met and that Local Industry Participation Plans are submitted in a timely manner and are complied with by contractors.

How does this recommendation achieve more than what was already there? In truth, nothing in this bill ensures that monitoring and compliance with the local industry policy will be improved. Although the bill requires the minister to report on the implementation of local industry policy, it is silent as to what form this report must take. The bill simply states that the report is to be in the form and contain the information decided by the minister. The LNP supports having a local industry policy. However, the Bligh government should stop wasting time introducing into parliament bills that achieve nothing and start taking real action to assist Queensland industry and create jobs—not a-couple-of-hours-a-week jobs, but full-time breadwinners' jobs.

The best way to ensure Queensland industry is competitive is to ensure it is provided with the best possible environment to operate in—where taxes, fees and charges are as low as possible and where red tape is minimised. On both those counts the Bligh government has failed miserably. According to the explanatory notes, local industry participation is a central component of economic development policies and legislation in all Australian jurisdictions, including the Commonwealth.

In 2001, under John Howard, the Council of Australian Governments committed to the principles of local industry involvement in government funded major project procurement by endorsing the Australian Industry Participation National Framework. The AIPNF's central aim is to provide for full, fair and reasonable opportunity for Australian industries to participate in significant government funded public and private sector project activity. In 2003 the Victorian government responded by introducing the Victorian Industry Participation Policy Act. Therefore, this is a bill that you introduce for the sake of introducing a bill, as what it contains is already policy and it does not add any regulations or benchmarks.

Considering that this policy has been in place since 1999, it is pretty clear that, in principle, it is not working and that this Labor government, which does not like small business and which taxes and regulates them into oblivion, is trying to look as though it cares by bringing in this legislation. It was the LNP that

called for small business to be included in flood relief packages from the government. In fact, it was the LNP that was first to appoint a shadow minister for small business.

I remind honourable members that, like so many members opposite, this government is impotent when it comes to meaningful and practical legislation. In this case, this policy has sat there for more than 10 years and now suddenly the Treasurer, who is desperate for an excuse to blow his trumpet, has decided to follow Victoria's lead some seven or eight years later. I note that the consultation yielded positive results. That is not surprising, because there is nothing to oppose. There is really nothing here. This is typical of the behaviour that defines Labor. It is big on symbolism and small on substance, with an absence of real power. This bill is just a bunch of broad objectives dressed up with fine-sounding principles but lacking any teeth.

Before the minister or her comrades try to twist the position of the LNP with regard to this inane piece of legislation and falsely accuse us of not supporting the principles that underpin the local industry participation policy, again I place on the record that we on this side of the House unequivocally support the principles outlined in the policy. We on this side of the House, unlike Labor, are strong advocates for local industry and businesses to have made freely available to them the opportunity to apply for government contracts. In his second reading speech the Treasurer stated—

The bill will improve the ability of all stakeholders to monitor the operation of the policy, confirm that it is being applied appropriately and that its operation is effective and efficient.

How would they achieve that, pray tell? What mechanisms are in place to do that? Please do not tell us that it is the annual report from the minister and designed by the minister, just like the budget papers that change their formats and definitions each year so that they become even more impossible to translate. Those papers are made to bury the truth in layers of new jargon and headings, in an attempt to avoid transparency and accountability. In the Victorian debate of 2003 it was referred to as the 'trust me policy'. On page 2, under the heading 'Alternatives to the Bill' the explanatory notes state—

The legislative approach is considered the most appropriate and only approach in terms of the institution of Parliament providing for a lasting commitment to developing and implementing a policy to optimise economic, employment, industry development and social benefits to Queensland from State Government funded procurement.

If that is indeed the case, what excuse does the government have for waiting so long to legislate? What is its excuse for waiting for over a decade and then deciding to turn it into legislation? This 'bill you have when you're not having a bill' proves convincingly that Labor is bereft of ideas. It does not have a clue what good governance means, as was intoned by the Auditor-General in numerous scathing reports to the Queensland parliament last year. The respected gentleman exposed this toxic Bligh Labor government for what it is: incompetent and hopeless at managing projects, let alone the economy. Who could forget the health payroll debacle when the government did not pay nurses, doctors and other public health workers? And still it has not fixed it.

Mr O'Brien: Is that the best that you could do?

Mrs STUCKEY: Is this really the best that the Treasurer could do? That is very interesting that the member for Cook, with his glass jaw, is able to speak out now. Is this really the best that the Treasurer—

Mr O'Brien: Put it there! Give us your best shot then!

Mrs STUCKEY: Is this really the best that the Treasurer could do?

Mr O'Brien: Is this your best shot?

Mr DEPUTY SPEAKER (Mr Hoolihan): Order! Member for Cook!

Mr Fraser: Your microphone has gone out in sympathy.

Mrs STUCKEY: I think this microphone is a little overworked tonight. How many years did the Treasurer, who introduced this bill, have to come up with this little beauty, this little piece of vacuous legislation? Was it three years or four or maybe more? A local industry participation policy bill sounds promising enough until we take a closer look and see yet another opportunity lost, another insincere attempt to trumpet the mantra about local industry getting a fair go for local jobs. The proof of the pudding is in the eating. This legislation is like a second rate soufflé: full of air and little else, looks showy and impressive, takes a while to make—in this case over a decade—but lacks the ingredients to last and falls flat the minute you take it out of the oven.

Reading through this legislation, which did not take very long, I did not find any mention of this government's commitment to small business or to cutting red tape. There are obligations on government to consider them but there is no sign of provisions that would enforce these obligations. I do implore the minister to find some way or methods in here that would give me a little bit more faith that this is not simply a policy being turned into legislation when it already exists.

Why would there be anything to enforce the obligations? This government does not begin to understand small business—or large business for that matter. If it did it would not continually try to choke them with red tape and fees and neither would the minister, who insults small business operators by telling them to wait for details of a carbon tax while they struggle to survive this state's crippling taxes and cost of living.

Queensland has more pages of legislation than any other state. In its 2009 *Blueprint for Fighting Queensland's Over-Regulation*, CCIQ said that, according to the Productivity Commission's *Performance Benchmarking of Australian Business Regulation: Quantity and Quality*, Queensland has the most onerous regulatory scheme in Australia, with over 70,000 pages of regulation and statutory rules. As we look further into this piece of legislation, it is the lack of teeth that is of most concern. The *Blueprint for Fighting Queensland's Over-Regulation* states—

The areas of regulation imposing the highest financial costs on Queensland businesses include dealing with licences and permits; employing workers; environment requirements; paying taxes; starting a business and building approvals and amendments.

This document also states that businesses find the time that is taken to complete forms is a drain on finances. Frequently changing legislation represents additional burdens for business as they must become familiar with new regulatory requirements. The onus is on business to be aware of laws relating to their business. Some jurisdictions made commitments to reducing red tape.

A more recent CCIQ report from January this year noted there were 87,000 pages of subordinate regulations or legislation in Queensland affecting business, a figure 10 per cent higher than WA. CCIQ states that its job is to ensure Queensland remains a competitive state in which to do business. Its January *Queensland's Economic Performance* report reveals the challenges that business faces. It states—

While the recent Queensland flood disaster will place significant downward pressure on our State's economic growth, it is important to realise that Queensland's economy was facing challenges well before the impact of the recent flood events. It is crucially important for transparency and accountability that an assessment is now recorded reflecting the point in time immediately before the floods impacted the Queensland economy.

This report reveals some facts about this toxic Bligh government—facts that Labor is trying to cover up with myriad excuses. Queensland had the worst contraction in business investment of any state aside from Tasmania over the 24 months to September 2010, which is a reflection of weaker business confidence over the last two years. This is a reason that the impressive figures that were raised in the second reading in this bill need to be shared as compared with the recent figures. What I am seeing from CCIQ is that Queensland was not going too well. On the Gold Coast we are all aware of contraction in non-residential building and residential construction and have witnessed well-established developers go under. The report states—

Queensland has maintained an unemployment rate higher than the national average for the past two consecutive years.

These are not my words but the words from a report. I note the bill applies to GOCs and all government agencies, including special purpose companies established to deliver large or unique infrastructure projects. I wonder what difference, if applied, it would have made to the procurement outcomes of the troubled Tugun desalination plant. The local industry policy was in place, but it was clearly ignored by Premier Beattie and his deputy, Anna Bligh, our current Premier. Then, again, the government's direction, or should I say orders, to build a 125-megalitre plant in just two years—the same time that was allocated for a 55-megalitre plant—meant that this policy was tossed out the window. Quality and local product were sacrificed in order to meet the government's demands—demands that came about due to a decade of Beattie and Bligh's poor planning and neglect of our water security. Surely this is a project that would have qualified for the legislation that we have before us. Inferior products were brought from countries such as India and local companies missed out. How can we trust this government that this will not happen in the future? What if it panics again and demands that major infrastructure is built at reckless speed? Where are the checks and balances to prove that the policy was adhered to? I challenge the minister to show me where.

During a Public Works Committee hearing in August 2008, the desalination plant project managers acknowledged that the greatest risk facing them during construction was trying to complete this huge project in two years. The D-day, or 'desalination day', completion in 2008 came and went and we entered 2009 with no end in sight, just a heap of faults and defects to be fixed. Had we had a local industry policy on this project, would we have suffered so? It was almost another two years before it was considered to be functioning at a standard whereby the government would accept its handover. It was just as well we got some rain two years ago to break the drought as the desalination plant was not ready and this Labor government would have been exposed for its negligent behaviour.

What happened to the Treasurer's commitment to a 'Queensland first' philosophy with this project? The bill does not spell out what the policy is but simply details some very broad, guiding principles, requires consultation in developing new policy and requires a report to be tabled in parliament. Looking back over this policy's existence, I wonder what happened to the report card that was mentioned in the original policy. The only evidence of establishment of the local industry task force found by our helpful

library was a local industry policy report card from 2001. The 2001 report card claimed that the local industry task force had been formed and met on four occasions and the local industry committee had been formed and met on five occasions. The task force was initially chaired by the Deputy Premier and the Minister for State Development and included key industry groups and unions.

I wish the minister would listen because I really think the subject of the task force is important. I am asking if she would inform the House what happened to the committee and the task force? But, clearly, she is too busy talking to her colleagues and not listening at all to what I am saying. Were there more than the four meetings mentioned above in 2001, errant Minister? Were there other report cards, or was this a one-off? For how long did it exist and when did it cease? These are reasonable questions that are laid out in this bill. I think it is disgraceful that you were not even listening to me. In closing, considering—

Mr DEPUTY SPEAKER: Member for Currumbin, you will direct your comments through the chair. That was a direct comment and the balance of your comments preceding that were directly to the minister. Would you please direct your comments through the chair? Thank you.

Mrs STUCKEY: I will, Mr Deputy Speaker. In closing, considering this policy—

Ms Jarratt: Disgraceful behaviour.

Mr DEPUTY SPEAKER (Mr Hoolihan): Minister.

Mrs STUCKEY: Has the minister finished calling me disgraceful?

Ms Jarratt: No.

Mrs STUCKEY: Mr Deputy Speaker, in closing, considering this policy has been active since 1999—

Mr DEPUTY SPEAKER: Member for Currumbin, direct your comments through the chair. Please do not take the tone that you took with the minister with the chair, because it is a direct reflection on the chair.

Mrs STUCKEY: I am very sorry if you interpreted it that way. It certainly was not meant to be.

Mr DEPUTY SPEAKER: It is not open for debate, member.

Mrs STUCKEY: In closing, considering—

Government members interjected.

Mrs STUCKEY: I actually am struggling with my voice tonight, too. In closing, considering this policy has been active since 1999 and the Treasurer, who introduced the bill, claimed that an impressive number of contracts have been won by local industry, why the need for legislation? What percentage of LIPPs is this government aiming for and what has the average been for each year since its inception? These are very reasonable questions deserving of answers. Without answers to these pertinent questions we can only surmise that the success of this policy has been less than impressive and the government is less than sincere.

Without data that shows the percentage of local industry successes in the overall scheme of things, there remains a lack of commitment to this policy. It has taken almost 12 years to finally decide to make an act of the Queensland parliament supposedly because an Economic Development Committee inquiry reported a number of criticisms, and amongst them were 'those who must be obeyed'—unions like the AMWU. Even so, this bill does not address the concerns or deficiencies identified by this parliamentary committee.

All in all, this local industry participation policy bill is yet another smoke-and-mirrors exercise from this incompetent Labor government. It is futile trying to legislate this policy without benchmarks, monitoring and measurement of success rates, and even a parliamentary committee identified these criticisms. This bill is a pathetic attempt by this lazy Bligh Labor government to look like it takes local industry seriously when in truth it could not give a tinker's cuss, could not give a toss. If it did, it would have given the legislation some teeth and not just paid lip-service.