


## Industry leaders slam NSW ICAC's 'puzzling, slanderous' anti-Australian jobs stance

EXCLUSIVE

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Business leaders and trade unions have slammed a bid by the NSW corruption watchdog to ban government procurement policies that favour local businesses, rejecting claims the policies could breed corruption.

The [NSW Independent Commission Against Corruption](#) has told a parliamentary inquiry it opposes selection criteria that give preference to local content or suppliers because it increases the potential for corruption, creates “unnecessary lobbying risks” and could be used to mask conflicts of interests.

Preferential policies might also encourage suppliers “to submit tendentious or false statements about the local nature of their business”, [ICAC said](#).

The Minns government, which has made local procurement a central tenet of its economic agenda, resisted the claims, saying it would be undeterred in introducing policies that “built them here” and ensuring local businesses got a fair go.

Industry leaders backed the government, saying [without such policies, domestic industry would be at risk](#) and the intervention was “anti-Australian jobs”.

“We are 100 per cent behind schemes like this in NSW, the ACT and across Australia, because it creates secure jobs and sustainable industries,” CFMEU national secretary Zach Smith said. “Anyone who is serious about critical goals like boosting Indigenous employment and lifting wages knows government-procurement schemes are key.”

Unions NSW secretary Mark Morey called the intervention “puzzling” and said it was “silent” on the economic and social benefits of local industry, “especially given the ample evidence of foreign business interests linked to foreign powers trying to influence Australian politicians, often through financial inducements”.

He said “corruption had no nationality” and the assertion “unfairly slanders local industry”.

The state government now has a NSW-made, followed by Australian-made, procurement priority in transport.

It has also set a target of 50 per cent minimum local content for all future rolling stock contracts, by the end of its first term, and planned to increase tender weightings for local content, job creation and ethical supply chains to 30 per cent.

It also increased tender weighting for small and medium businesses to 30 per cent and contract thresholds from \$150,000 to \$250,000.

Australian Workers Union national secretary Paul Farrow said if ICAC's advice was followed, "there'd be no manufacturing jobs".

"No one should be deterred from choosing to put hard-earned dollars back into Australian-made quality and cost-competitive products," he said, pointing to the Covid pandemic as highlighting the need for "onshore sovereign capacity".

"While the rest of the world is trying to nurture their local manufacturing industries, we have a local body telling Australians to send jobs offshore."

Australian Manufacturing Workers Union national secretary Steve Murphy asked who had "left ICAC in charge of economic policy?"

"At a time when governments are being popularly elected on a platform of rebuilding our local manufacturing industry, we have this bizarre intervention," he said, adding that local content requirements across the country were "facilitating" business growth and job creation.

"Being an agency focused on governance and the elimination of corruption, it is unclear what expert contribution ICAC can offer on this matter."

The state's peak business body said some of the world's most-successful SME sectors had been aided by preferential procurement. "Procurement practices that level the playing field for smaller businesses are to be encouraged, not discouraged, or demonised as a corruption risk," Business NSW chief Daniel Hunter said. "Multinationals have a huge part to play, but are not exempt from probity concerns any more than smaller Australian businesses."

Mr Hunter said "homegrown innovation" was a national strength. "We should not misassociate small-business interaction with government as a corruption risk," he said.

"These smaller government contracts are often the first major contracts emerging businesses get. Without these opportunities, we run the risk of harming our entrepreneurial spirit."

Former NSW Labor premier Morris Iemma told The Australian that risks were inherent in procurement but could be "managed within the policy framework".

As NSW works minister in the first Bob Carr government, Mr Iemma introduced procurement policies to ensure that Indigenous businesses received a certain percentage of government contracts.

"That's been in place for decades, and ICAC provided advice on many of the contracts as part of that," he said. "This (procurement policies favouring local content) would be an expansion of that. (NSW) has very high standards of probity and integrity within procurement, it has been very successful with ICAC as an important oversight body."

ICAC's concerns were put to NSW Finance Minister Courtney Houssos during a Thursday budget estimates hearing. She said previous governments had spent "billions of dollars" in offshore contracts and "We want to build things here. We want to be able to build trains or ferries or spend our government procurement dollars here."

She pointed to similar policies by the Victorian and Queensland governments that prioritised state-based suppliers for rolling stock, which NSW was attempting to replicate.

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