

Policies to give local suppliers a leg-up

Steven Scott and Mark Skulley

The Rudd government will help Australian firms bid for work and consider factors other than price in awarding contracts, as part of a procurement deal struck with senior union leaders.

Unions expect further policy announcements – including assistance for the manufacturing industry – during the Australian Labor Party conference, which starts tomorrow.

Prime Minister Kevin Rudd met with union leaders including ACTU secretary Jeff Lawrence, AWU national secretary Paul Howes and AWU national secretary Dave Oliver on Monday night to secure agreement ahead of the triennial conference, at which delegates endorse the ALP policy platform.

Under the new procurement rules, federal government agencies must

show they are “model purchasers” by creating opportunities for small business and giving preference to suppliers with good records of environmental sustainability, respect for employee rights and use of apprentices.

Government departments will not be forced to choose the lowest-cost supplier and must instead take into account a range of social and environmental factors when deciding whether potential suppliers offer value for money.

Businesses that bid for government work will have to produce “Australian industry participation plans”, in which they must outline potential local suppliers and explain any decisions to use competing foreign suppliers. The tariff concession system will be tightened to force firms to show they will create opportunities for Australian businesses.

The Industry Capability Network will be given an extra \$8.5 million over

Think local

Federal procurement rules

■ Firms bidding for government work must show they have considered local suppliers

■ The government's Industry Capability Network, which matches buyers and suppliers, will receive \$8.5m

■ Business leaders to be appointed “supplier advocates”



four years to help local firms bid for work at home and abroad. The government will also fund business figures to act as supplier advocates in various sectors.

Bidders for government projects

will have to show they and their subcontractors meet employment laws.

Industry Minister Kim Carr said the reforms were designed to support Australian businesses without breaching free trade obligations. “We don’t send our athletes off to the Olympics without training them first. It’s just as important that our companies get the best possible preparation before they go in and compete.”

Unions yesterday welcomed the reforms and Mr Howes said the policy moved the focus away from purchase price in a way “that signifies an important shift that we’ll be able to use to our advantage”.

But the Textile Clothing and Footwear Union of Australia’s national secretary National Secretary, Michele O’Neil, said the government could do more to favour local suppliers for defence uniforms.

The Australian Industry Group also backed the new policy.

Meanwhile, union leaders are gathering in Sydney to finalise their agenda at the ALP conference, including further changes to the government’s new Fair Work laws such as opposing coercive investigatory powers in the construction industry.

While Deputy Prime Minister Julia Gillard has insisted that arbitration will have a limited role, the influential national secretary of the Shop, Distributive and Allied Employees Association, Joe de Bruyn, has argued the current arrangements meant employers would prevail in most disputes.

Unions are also arguing that controls on temporary migration should not be removed under free-trade deals. They oppose the Productivity Commission’s push to lift restrictions on the parallel importation of books, saying it would not necessarily lead to cheaper books and would hit local publishers and authors.

Paper cut could hurt Australia Post’s bottom line

Mark Skulley

A new environmental campaign to cut the use of paper will argue that Australian businesses could save hundreds of millions of dollars a year by switching their billing and invoicing to the internet.

The group Do Something will launch a “PaperLessAlliance” internet-based campaign today which is partly aimed at reducing the massive amount of commercial mail sent through Australia Post every year. Its founder, Jon Dee, is campaigning against a range of single-use business models and recently made a global splash with the decision by the NSW town of Bundanoon to ban the sale of bottled water.

Mr Dee argues that paper production and distribution have an “enormously negative impact” on the environment. He has described Telstra as a “good role model” for business in charging \$2.20 for sending paper-based bills.

“It gives customers a financial incentive to get their bills sent by email and it helps the environment too,” he said.

“With Australia Post looking to increase its postal charges, now is a good time for businesses to review why they’re putting so much money into the Australia Post bottom line instead of their own.”

Australia Post said yesterday that



Australia Post says business-related letters account for about 4.2bn of the 5.6bn mail items it carried in 2007-08.

Photo: LOUIE DOUVIS

business-related letters accounted for about 4.2 billion of the 5.6 billion mail items it carried in 2007-08. Only 5 per cent of the letters it carried – about 200 million items – were personal mail and the rest were other items such as parcels and magazines.

About 80 per cent of the business letters were transactional mail (bills,

statements and cheques) and 15 per cent were promotional mail (direct mail advertising and catalogues).

Mr Dee, who co-founded environmental group Planet Ark with tennis player Pat Cash, has won financial support for the anti-paper campaign from technology and software companies such as Adobe

and Toshiba. Australia Post yesterday cited a US study that found letters accounted for 1 per cent of total paper use, which was dominated by packaging and newsprint. It argued that paper-based mail was an effective channel and was often used in collaboration with electronic channels.

Spokesman Alex Twomey said business mail included official items such as registration stickers, invoices and legal documents that customers preferred to receive as a hard copy rather than through the internet.

“A lot of consumers want to receive their correspondence in the physical sense because otherwise they’d be printing them at their end and wearing that cost as the consumers,” he said.

“A bill is something that people will take out of the mail and pin up on their fridge. It’s a physical reminder. They can take it with them to work if they need to. They’ve also got these things as a record later on.”

But the PaperLessAlliance argues that Australians use 1.7 million tonnes of writing and printing paper a year and that the full cost includes greenhouse emissions, printing, copying, packing, posting, storing, filing, finding and disposal.

It concedes that businesses are required by law to retain a range of corporate documents, but cites a case study of the Australian National Audit Office that found switching to digital storage was saving it \$1.3 million a year.

“We’re unashamedly pro-business,” Mr Dee said.

“It’s about boosting efficiency for business, it’s about improved productivity, the bottom line and boosting your financial performance.”

Extra time for taxpayers ruled out

Patrick Durkin

The tax commissioner’s discretion to bend the rules in favour of taxpayers has been curbed by a landmark full Federal Court decision, which was handed down yesterday.

Tax experts said the case supported their push to have the federal government grant additional powers to the tax commissioner to allow him greater flexibility to fill gaps in the law.

The case involved primary production company McIntosh, which wanted to link two companies for the purpose of transferring tax losses but failed to lodge the appropriate notices with the Australian Taxation Office in time.

McIntosh sought an extension from the ATO to lodge the

forms but the tax commissioner refused the request. The ATO subsequently agreed to fund a test case to clarify the highly debated area of law.

However, the full Federal Court found the tax commissioner should apply a black-letter law interpretation of tax deadlines in the Tax Act.

“The commissioner has no power to extend the period for making a choice to consolidate a consolidatable group,” Federal Court judge Margaret Stone said.

The lawyer for McIntosh, Robert Richards, warned that the result had broad implications and would disadvantage taxpayers across the board.

“Throughout the Tax Act, there are provisions which allow the commissioner to grant extensions of time to taxpayers,

including depreciation, superannuation, tax returns and the time to lodge tax,” he said.

“What this decision means is that the Tax Office has now been emboldened to take a hard line on deadlines and cut-off dates. And thousands of taxpayers who have been granted extensions in the past may now not be valid,” said Mr Richards, who would consider an appeal to the High Court if further funding were provided.

The federal government is considering whether to grant extra-statutory concessions to allow the tax commissioner the power to fill gaps in the law.

The proposal emerged from the Tax Design Review Panel last year and submissions have just closed on a Treasury paper considering the issue.

Ernst & Young partner Tony

Stolarek said the case underlined the need for giving the commissioner more powers, such as an extra-statutory discretion.

“The case shows how problems arise when the tax laws impose ‘hard’ deadlines for taxpayers to file notices under particular tax rules, without powers for the Tax Office to extend the deadlines. Taxpayers might be unaware of the deadlines and miss out on significant tax benefits. The Tax Office should have broader powers to extend deadlines in appropriate circumstances,” he said.

“Treasury is currently reviewing, for the government, a proposal for the Tax Office to have broader powers in cases like these. A Tax Office power to use legislative instruments, in favour of the taxpayer, would provide more flexibility in such cases.”

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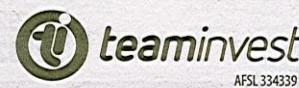
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